

UNIVERSAL REGISTRATION DOCUMENT 2020/21

including the annual financial report



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The Content of the Annual Financial Report is identified in the summary table with the help of this pictogram.



UNIVERSAL REGISTRATION DOCUMENT 2020/21

**INCLUDING THE ANNUAL
FINANCIAL REPORT**

Société anonyme with share capital €2,603,304,935.

48, rue Albert Dhahenne –
93400 Saint-Ouen-sur-Seine
(France)

RCS : 389 058 447 Bobigny

AUTORITE
DES MARCHÉS FINANCIERS
AMF

This Universal Registration Document has been filed on July 6, 2021 with the AMF, as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation. The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

The English language version of this document is a free translation of the original, which was prepared in French. In all matters of interpretation, views or opinions expressed in the original language version of the document in French take precedence over the translation. It is available on the website of Alstom.






ALSTOM

la sécurité est au cœur de mon métier

1

DESCRIPTION OF GROUP ACTIVITIES

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 **AFR** The Content of the Annual Financial Report is identified in the summary table with the help of this pictogram.

Alstom, leading the way to greener and smarter mobility, worldwide

At Alstom, we partner with our stakeholders to optimise transport networks by understanding what moves people, listening to their needs and aspirations. We strive to lead the way to smarter and more sustainable mobility.

Alstom offers a complete range of mobility solutions, from high-speed trains, metros, monorail and trams to integrated systems, customised services, infrastructure, signalling and digital solutions.

Our 'Alstom in Motion' strategy, presented in June 2019, focuses on sustained growth, green and digital innovation, and operational efficiency, in an agile, inclusive and responsible corporate culture – as One Alstom Team.

With the acquisition of Bombardier Transportation on 29 January 2021, Alstom enhances its product portfolio and global footprint to better serve customer requirements worldwide.

Alstom keeps leveraging on its strategy, its strong operational and financial performance to strengthen its leadership in the growing transportation market.

Industry characteristics

MARKET DRIVERS

The rail transportation market is supported by solid long-term drivers. Soaring urbanisation, economic growth and public & private investment in infrastructure create a growing demand for transport notably in emerging countries. Mature markets, on the other hand, are mainly supported by projects aiming at updating and modernising existing infrastructure and rolling stock enhanced by growing environmental concerns.

Urbanisation

The combination of both economic and demographic growth entices a growing number of people to live in cities. By 2050, world population should exceed 9.7 billion inhabitants⁽¹⁾ of which nearly 70% will reside in urban areas⁽²⁾. This trend towards urbanisation is particularly strong in China, India and in many countries of Africa and Latin America.

This development triggers the growing saturation of airports, roads and existing railways and the need for new infrastructure. In this situation, railways typically offer a mass transit solution, safe, reliable and clean.

Additionally, in many cities, the population is encouraged to leave behind individual methods of transportation and favour collective transportation to limit traffic congestion. This change is usually supported by the active promotion of public transportation.

While the impact of the sanitary crisis on urbanization remains to be assessed, many people responsible for urban planning and development consider that sustainable urbanization and infrastructure are critical to Covid-19 recovery and even more looking for sustainable urbanization and infrastructure. "The World Cities Report 2020 convincingly affirms that well-planned, managed, and financed cities and towns create economic, social, environmental and other unquantifiable value that can vastly improve the quality of life of all", said Maimunah Mohd Sharif, the UN-Habitat Executive Director⁽³⁾.

In this context, efficient, green, inclusive and intermodal urban transportation systems as rail transportation offers ideal mobility solutions in term of capacity, punctuality, security, and reduction of noise, pollution and energy consumption.

Sustainable development

Today more than 90% of the world population lives in areas where air pollution exceeds the threshold recommended by the World Health Organisation⁽⁴⁾ while CO₂ emissions from transport continue to grow. Transportation, which represents approximately 24%⁽⁵⁾ of greenhouse gas emissions from energy combustion (for standard pre-Covid-19 levels), is clearly recognised overall as a sector which contributes significantly to worldwide emissions whilst offering a great potential to curb them. The increased visibility of climate change consequences and the threat that air pollution poses on public health drives the actions of governments, cities and regulation bodies but also of transport operators and citizens to limit the magnitude of impacts by reducing greenhouse gas and airborne emissions. For instance:

- The European Commission presented in December 2020 its 'Sustainable and Smart Mobility Strategy' which lays the foundation for how the EU transport system can achieve its green and digital transformation and become more resilient to future crises. As outlined in the European Green Deal, the result will be a 90% cut in emissions by 2050, delivered by a smart, competitive, safe, accessible and affordable transport system.
- Many countries already announced a halt to sales of new cars equipped with combustion engines e.g. Norway (2025), Sweden (2030), Germany (2030), Denmark (2030), France (2040), United Kingdom (2040) or Spain (2040) in Europe, but also other countries like India (2030), Taiwan (2040) or Egypt (2040). Cities and provinces are also taking up the challenge and planning a ban of diesel or fossil-fuel vehicles at local level (e.g. Madrid, Paris, Amsterdam, Athens, Mexico, Munich, or regions like California, or Quebec).

(1) UN World population prospects – 2019.

(2) UN World urbanization prospects – the 2018 revision.

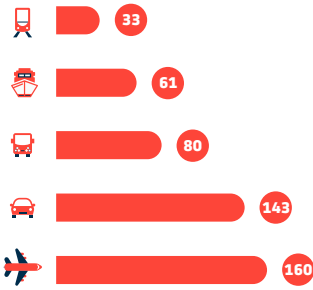
(3) <https://news.un.org/en/story/2020/10/1076532>.

(4) World Health Organisation, Ambient Air Pollution: A Global Assessment of Exposure and Burden of Disease, September 2016.

(5) IEA Tracking Transport analysis May 2020.

Rail transportation offers higher performance levels than other transportation modes, which should have a positive impact on the evolution of the rail transportation market. Indeed, rail is one of the most energy-efficient transport modes, responsible for 9% of global motorised passenger movement and 7% of freight but only 3% of transport energy use. (source: IEA (2020), Rail, IEA, Paris <https://www.iea.org/reports/rail>). Passenger rail travel is the least energy- and CO₂-intensive of all motorised transport modes as shown by the graph thereafter: passenger trains emits only 33 gCO₂e/passenger.km in the EU27⁽¹⁾ – and French TGV emits only 1.7 gCO₂e/passenger.km⁽²⁾. It is also the least oil-reliant by far: globally, about three-quarters of conventional passenger rail activity uses electricity, and the remaining one-quarter relies on diesel.

COMPARISON OF AVERAGE GHG EMISSIONS BY MOTORISED MODE OF PASSENGER TRANSPORT, EU-27
(gCO₂e/pkm)



Source: <https://www.eea.europa.eu/publications/rail-and-waterborne-transport>

Rail is clearly positioned today among motorised transport as emitting the lowest carbon emissions by transported passenger. More generally electrical and shared mobility solutions have the highest potential to decarbonize mobility. The environmental efficiency of rail has been recognized by multiple governments' recent schemes favoring directly rail (cf. Governmental funding paragraph) or indirectly with encouragement to modal shift. For instance, in May 2021, the French members of parliament suppressed domestic flights for which a rail alternative below 2h30 exists. This efficiency is also recognized by some environmentally conscious travellers which are uneasy about flying ("flygskam") and who are choosing rail instead. In France, the cooperative Railcoop intends to re-open some railway lines and had gathered more than 8,000 members as of June 2021.

Those initiatives are completed by commitments from governments and railway operators to further decarbonate rail.

- The British Government has set a target to decarbonise rail by 2040, including seeking to remove all of the circa 3,700 diesel rail vehicles used on the railway network.
- Deutsche Bahn committed to be climate neutral by 2050.
- From 2025, Russian Railways plans to purchase only electric locomotives, as well as locomotives operating on natural gas and other alternative energy sources.
- SNCF committed to have no more diesel engines by 2050.

Since 46% of the European rail network⁽³⁾ is still served by diesel and electrification is not always economically viable, these commitments open further opportunities for zero-emissions trains, powered either by battery or by fuel-cell.

Economic growth

Economic growth is a driver of Alstom's business as the volume of passenger and good transportation, the purchasing power of passengers, and governmental funding for rail are in some measure linked to Gross Domestic Product (GDP) expansion. On the years following 2008, the global economy has experienced turbulence that has slowed down growth and increased public deficits. However, the passenger rail transport industry had not significantly been affected by the latest economic downturn. Over past years, both urban and mainline worldwide passenger traffic have grown steadily at a respectively 5.3% and 3.3% CAGR average growth between 2009 and 2019. Freight traffic had been more volatile and impacted by economic environment, still it grew at 2.3% in average between 2009 and 2019.

The worldwide real Gross Domestic Product (GDP) grew at an estimated 2.9% in 2019 and felt at -3.3% in 2020 according to International Monetary Fund⁽⁴⁾. It forecasts a worldwide recovery of 6% in 2021, moderating to 4.4% GDP expansion in 2022.

Beyond the economic impact of the Covid-19 crisis, its sanitary dimension affected strongly the ridership in 2020: mainline and urban passenger traffic decreased sharply at 36.2% and 37.7% while freight traffic resisted at -7.2%. Ridership level back to its 2019 standard still need to be confirmed. An analysis from September 2020 expected ridership recovery during the year 2023⁽⁵⁾.

(1) Fraunhofer ISI and CE Delft, 2020 – shared in <https://www.eea.europa.eu/publications/rail-and-waterborne-transport>.

(2) ADEME – Country of application: France in 2018 and 2019.

(3) European Union Hydrogen strategy – https://ec.europa.eu/energy/sites/ener/files/hydrogen_strategy.pdf.

(4) IMF – Worldwide economic outlook, April 2021.

(5) « Worldwide Market for Railway Industries 2020 » released in 09/2020 by SCI Verkehr.

Governmental funding

Until beginning of 2020, governments in mature and emerging countries aimed to develop the economy of their country through investment in infrastructure and efficient, sustainable transport solution. In that regards, the railway industry was considered as strategic, with major investment plans throughout the world both in mainline and urban segments:

- In the United-Kingdom, Network Rail announced that up to £3.6 billion will be invested in railway signalling over the next five years to improve the reliability of systems on Britain's railways, potentially enabling more trains to run.
- In Germany, an €86 billion investment plan was announced and is meant for infrastructure and trackside equipment upgrade and replacement.
- In France, 200 km of new metro lines and 68 metro stations will be opened by 2030 for a global investment of €35 billion for Grand Paris. This is the most important project in Europe regarding automatic metro.
- In India, on the top of 13 cities which already have a metro system, over 20 additional cities have plans under various stages of implementation for a metro or light rail system – notably Pune, Kanpur, Agra, Indore, Bhopal. It would more than double the urban transportation network over the next decade.
- In the Republic of Côte d'Ivoire, the route of the future Line 1 of the Abidjan metro network has been confirmed on December 2019. It is 37 kilometres long and the cost of construction work for the metro is €1.36 billion. Finalization of the project financing from the French Development Agency and the French Treasury is on-going.

The sanitary crisis shows an acceleration of environmental concern. Since spring 2020, recovery plans and stimuli have been unveiled by various governments in order to sustain the economy. First and foremost, it was observed that both public and private operators were backed by their government:

- In Canada, \$400 million has been made available to Toronto Transit Commission;
- In the United-Kingdom, Go-Ahead and FirstGroup got extensions to Covid-19 rail bail-outs in September 2020: The Department for Transport confirmed emergency recovery measure agreements for a number of rail franchises;
- In Germany, €5.5 billion has been made available⁽¹⁾ to Deutsche Bahn as part of the recovery plan;
- The American Rescue Plan Act of 2021 includes \$30.5 billion for the transit industry, as well as \$1.7 billion for Amtrak.

Additionally, many long-term investments embedded in the recovery packages are earmarked to railway, confirming the latter should play a key role towards a smarter and greener mobility.

- In the United-States, one of the New Administration's Goal is to put U.S. on irreversible path to achieve net-zero emissions by 2050 and spark the second railroad revolution. On March 2021, White House proposed a \$2 trillion, eight-year «American Jobs Plan» which creates long-term confidence in federal funding for transit and intercity rail. This plan earmarks \$85 billion to modernize, expand and repair transit systems and \$80 billion for intercity rail including addressing Amtrak's repair backlog, modernizing the Northeast Corridor, improving existing passenger rail corridors and developing new intercity routes.
- In February 2021, Canada announces \$14.9 billion of funding for public transport over next eight years.
- In February 2021, Indian Finance Minister announced a record sum of Rs 1.10 lakh cr for the Railways for budget 2021/22 (i.e. approx \$15 billion). Key announcements are related to 100% mainline network electrification by December 2023, the future Dedicated Freight Corridors projects, the deployment of MetroLite technology in Urban areas, hydrogen mission.
- The European Parliament endorsed in February 2021 the Regulation of the Recovery & Resilience Facility (RRF) which will make available a total of €672.5 billion to Member States, combining grants and loans, to contribute to their national recovery plans. Member States need to allocate at least 37% of their envelope for green investments and 20% for digital. Rail is in a good position, with the European Smart and Sustainable Mobility strategy⁽²⁾ which sets concrete milestones to keep the European transport system's journey towards a smart and sustainable future on track.

Additionally, the OEM market should benefit directly or indirectly of investments in public transports and hydrogen infrastructure. For instance:

- France is planning to spend €7 billion in hydrogen by 2030⁽³⁾, with the objective to develop green hydrogen production capabilities (with an objective of 6.5 GW electrolyzers installed by 2030) and heavy mobility use cases such as railway.
- In Germany, €9 billion is to be spent on hydrogen, with €7 billion to boost domestic hydrogen production capabilities (5 GW by 2030, with a further 5 GW to be installed by 2040 at the latest) and further €2 billion to be spent on forging partnerships with countries where hydrogen can be efficiently produced⁽⁴⁾.
- Spain foresees a mobilization of nearly €9 billion during the period 2020-2030 in industrial, mobility and electricity sectors, reaching by 2030 an installed capacity of 4 GW electrolyzers. In mobility, the Hydrogen Roadmap requests two railway lines by 2030, and the main national operator has announced the cancellation of diesel trains acquisition to switch to hydrogen.

(1) The capital increase still has to be approved by the European Commission.

(2) https://ec.europa.eu/transport/themes/mobilitystrategy_en.

(3) <https://www.economie.gouv.fr/presentation-strategie-nationale-developpement-hydrogene-decarbone-france>.

(4) <https://www.reuters.com/article/us-health-coronavirus-germany-stimulus-idUSKBN23B10L>.

Digital Transformation

Digital transformation is a core enabler for sustainable mobility as it allows to increase capacity on green transportation systems, operate them more efficiently and make them more attractive for passengers. It will also lead to the implementation of new business models and new way of workings. The mobility of tomorrow will be:

- **Connected and seamless:** real-time data collection and transmission can be used on trains condition as a lever to improve fleet and infrastructure maintenance services through smart sensors, connected trains and the deployment of the internet of things. For passengers, multi modal is the only solution answering all criteria (cost, time, sustainability). They also need connectivity solutions through their entire journey.
- **Collective:** even if low-carbon alternatives such as electric or hybrid vehicles are available, private vehicle use is not compatible with reducing traffic congestion and greenhouse gas emissions. Rail is and will remain the backbone of mobility in a sustainable world, supplemented by lighter transportation modes, such as public or private vehicles, for first-and-last-mile journeys.
- **Autonomous:** in order for rail to be the most attractive option for urban, regional and international travel, trains need to provide the highest levels of quality, reliability and efficiency. This is where autonomous train operation comes into play. Digitalizing certain train operations, compiling data and employing the advanced processing capacities of artificial intelligence can ensure a shift towards sustainable rail transportation by making journeys faster, more comfortable and more punctual.
- **Systemic:** For a seamless travel, from origin to destination, transportation requires centralised control centres, at the urban or even national level, that can orchestrate fleet and mobility and respond to disruptions throughout the entire system.

MARKET PERSPECTIVE

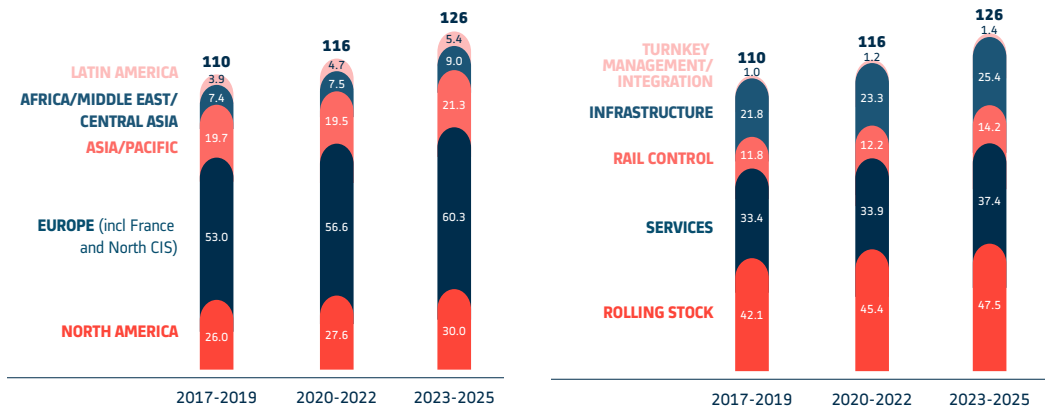
Market evolution

According to the most recent UNIFE market study⁽¹⁾, published on 1 October 2020, despite the effects of the lockdown on the trajectory of growth in 2020, the annual worldwide accessible market for the 2020-2022 period is estimated at €116 billion. Under the central (V) scenario, it would reach €126 billion over the 2023-2025 period, for an average annual growth rate of 2.3% as compared with the 2017-2019

period (source: UNIFE World Rail Market Study, 1 October 2020). This annual growth forecast from the 2017-2019 period to the 2023-2025 period is identical, on average, to the growth rate forecast in a scenario that excludes the health crisis. The size of the average market in 2023-2025 is also identical. However, the study forecasted an annual contraction in the annual worldwide accessible railway market in 2020, followed by a rebound in 2021.

UNIFE ACCESSIBLE MARKET

(average in € billion/year)



(1) The study was released in October 2020, and therefore does not account precisely for the recent sanitary crisis developments and size of stimulus plans recently announced.

1 DESCRIPTION OF GROUP ACTIVITIES

Competitive position

It includes the known effects of Covid-19, such as decreased volumes in the services market due to the decline in passenger traffic and freight kilometres. It also includes volume adjustments resulting from the postponement of projects. However, the rapid recovery of the rail market in the V scenario depends significantly on the implementation of governmental support and recovery programs for the rail industry. Alternatively, in the U scenario, which includes more important economic effects, the railway market's average annual growth rate would be limited to 0.9% from the 2017-2019 period to the 2023-2025 period.

The European market is driven by growth in its largest country market, Germany, as well as Italy and Russia. The German Rolling stock market will grow driven by the procurement of new high-speed trains.

The Africa, Middle-East and Central Asia region is expected to have a dynamic growth, carried for example by the Turkish market with an order for new trains for the 533 km high speed line from Ankara to Istanbul, as well as e-locomotives and coaches. However, the growth rate remains uncertain, due to the evolution of the oil price.

In Asia-Pacific, China keeps growing, even on the accessible part of its market, thanks to significant investments planned in the high-speed and urban segments. The Indian market is forecasted to grow strongly due to investments in urban rolling stock, electrical multiple units (EMUs) and coaches.

In Americas, Latin America rolling stock market is expected to grow both in urban and interurban segments. North America, the market is growing in the United States⁽¹⁾ with large diesel freight locomotives orders planned, as well as considerable investments in the very high-speed segment. In Canada large urban tenders are expected.

➤ Competitive position

The acquisition by Alstom of Bombardier Transportation, which was among the main global competitors of Alstom, has been completed on 29 January 2021. This acquisition strengthens Alstom's leadership in the growing sustainable mobility market by reaching a critical size in all geographies and integrating further solutions and assets to better serve its customers worldwide. Alstom is among the leaders in all the major segments of the railway industry: urban and mainline rolling stock, signalling, services and integrated solutions.

Alstom has various competitors in the railway industry acting globally or locally and covering to some extent Alstom's portfolio.

Siemens is its main global competitor in the rail transportation market, focusing its expansion on automation and signalling. Furthermore, Hitachi affirms itself as a global actor following the acquisition of Ansaldo Breda in 2015 and completion of acquisition of Ansaldo STS at the beginning of 2019.

The Chinese train manufacturer CRRC, even if leader in terms of global revenues, is mainly active on its domestic protected market. However the company has also expressed important international ambitions with

several contracts won in 2020 in Latin America. In 2020, CRRC finalized the acquisition of Vossloh locomotives factory in Kiel (Germany), giving this group a foot in Europe.

Stadler Rail, a Swiss train manufacturing company, has recently strongly increased its order book with a level of yearly orders around €4 billion during the last five years and a start of diversification in signalling. The Spanish train manufacturer CAF has also decided to diversify its activity in signalling and in integrated solutions.

Some manufacturers with a less diversified portfolio of products and industrial sites that are more geographically concentrated (Pesa, Rotem, Skoda, Talgo, Thales, etc.) compete with Alstom in specific market segments, such as trains or signalling.

Today, with the acquisition of Bombardier Transportation, Alstom considers to be ranked first⁽²⁾ in the addressable market of passenger rail industry in all the continents⁽³⁾.

(1) The UNIFE study, released in October 2020, does not take into account the potential positive effect of the American Rescue Jobs unveiled in April 2021.

(2) Alstom view based on orders intake published by competitors in their financial publications, UNIFE data and press releases.

(3) Excluding China for Asia.

➤ Acquisition and integration of Bombardier Transportation

On 29 January 2021, Alstom announced the completion of the acquisition of Bombardier Transportation for a reference price of €5.5 billion⁽¹⁾.

This step-change acquisition enables Alstom to address the ever-increasing demand for sustainable mobility and possess and follows an excellent strategic rationale. Leveraging on its clear Alstom in Motion strategy and its strong operational fundamentals and financial trajectory, Alstom, integrating Bombardier Transportation, strengthens its leadership in the sustainable mobility market by reaching a critical size in all geographies and integrating further solutions and assets to better serve its customers worldwide.

- The Group has now an unparalleled commercial reach in all geographies thanks to the complementarities of the two companies. While the Alstom Group already had a well-established customer base in France, Italy, Spain, India, South East Asia, Northern Africa and Brazil, Bombardier Transportation brings strong customer proximity in strategic markets such as the United-Kingdom, Germany, the Nordics, China, and North America.
- The Group offers mobility operators and network providers a complete portfolio of products and solutions throughout the entire rail value chain. In Rolling Stock, its portfolio ranges from light rail to very high-speed trains, including new strategic products such as people mover and monorail. The Group is able to serve its clients in the Services space with a wider maintenance facilities network and larger predictive maintenance capabilities. With a fleet of 150,000 vehicles,

Alstom has the largest installed base worldwide, a unique springboard to further expand its leadership in Services. Its Signalling product line gains significant scale.

- The Group has access further strategic industrial capacities with competitive industrial footprint across both mature markets, such as Western Europe, North America, Australia, and growing markets, including Eastern Europe, Mexico and India.
- Finally, bringing together c.17,700 engineering and R&D talents from both groups, consolidating a rich legacy of 9,500 patents and incorporating significant additional technologies from Bombardier Transportation, for example in predictive maintenance, signalling and digital operations, the Group is able to develop solutions at a faster pace and on a larger scale to make mobility of tomorrow a reality.

The enlarged Group has a combined proforma revenue of around €14 billion and €74.5 billion combined backlog. It employs 71,700 people worldwide in 70 countries.

As of June 2021, Bombardier Transportation integration is fully on track. 90% of employees consider the acquisition as positive for the group. 600 customers have been contacted post acquisition, the vast majority of them being very positive on the acquisition and see the upside potential for their business. N4 organization has been finalized and more than 30,000 users have been migrated to the Alstom IT environment. Additionally, projects securisation roadmap has been fully initiated.

(1) Details on financing are given in sections 2 and 3 of this Universal Registration Document.

Value creation model

OUR RESOURCES



FINANCIAL CAPITAL

- €74.5bn backlog
- Equity of €9.1bn



INDUSTRIAL CAPITAL

- 140 sites and 250 depots in 70 countries
- Industrial CAPEX: €158m



INTELLECTUAL CAPITAL

- 9,500 patents
- 3.6% of sales dedicated to R&D
- 17,700 engineers
- 92.3% of trained people*



NATURAL CAPITAL

- 60% of electricity of renewable origin*
- 88% waste recovery*
- 92% of products sold last year can be reused or recycled*



HUMAN CAPITAL

- 71,700 employees from 160 nationalities
- Top Employer* Europe, Asia Pacific and North America



BRAND CAPITAL

- 1,000 customers among which 300 cities



SOCIETAL CAPITAL

- ISO 37001 antibribery certification renewed in 2021*
- 83% of spent with high risk suppliers assessed according to CSR and E&C standards*
- €1.9m** foundation budget

SALES
€8.8 bn

15%
AMERICAS

61%
EUROPE

12%
AMECA

12%
ASIA/PACIFIC

Signalling
18%

Rolling stock
51%

Services
20%

Systems
11%

* Alstom legacy perimeter.

** Exceptional budget to better support communities suffering from the Covid-19.

VALUE CREATED FOR STAKEHOLDERS

aEBIT
7.3%



RESPOND TO CLIENT NEED

DESIGN THE RAILWAY SYSTEM



ASSEMBLE TRAINS



**PURCHASE SUB-SYSTEMS
MANUFACTURE TRACTION SYSTEMS AND BOGIES**



INSTALL INFRASTRUCTURE AND SIGNALLING



MAINTAIN



GIVE THE KEY TO OPERATORS



EMPLOYEES

- Total Recordable Injury Rate for employees and contractors at **2.2***
- **90%*** of employees recommending Alstom as a good place to work



CUSTOMERS

- Customer satisfaction at **8.4***
- Energy consumption of solutions reduced by **21.7% vs 2014***



PASSENGERS

- Nearly **90 million** people daily transported by Alstom trains



ENVIRONMENT

- **4.6 g CO₂/pass.km***
- **36%** eco-designed solutions*
- Energy intensity of operations reduced by **4% vs 2019***



SUPPLIERS

- **60%** of Alstom products costs purchased
- Founding member of "Railponsible"



SOCIETY

- **27%** effective tax rate
- **203,000** beneficiaries of community initiatives*



SHAREHOLDERS

- **€301m** Adjusted Net Profit

* Alstom legacy perimeter.

➤ Strategy

The expanded strategy Alstom in Motion 2025 (AiM 2025), unveiled in July 2021, focus on capturing the strong market growth opportunities and reinforcing further the innovation leadership of Alstom as well as driving efficiency throughout the new organisation and ensuring the successful integration of Bombardier Transportation. It builds on well-established strategic pillars.

1. GROWTH BY OFFERING GREATER VALUE TO CUSTOMERS

The Group expects to outgrow the market significantly with a sales growth over 5% CAGR and expand its global market share by 5 percentage points. This reflects the positive commercial dynamics along with the unique position of Alstom to fully capture market opportunities.

Regarding market presence, more than 70% share of the Group sales are in North America and Europe, two regions that will benefit from strong stimulus packages. Alstom has in particular a very natural leadership position in Western and Southern Europe. With the Bombardier Transportation acquisition, it also strengthened significantly its industrial and commercial assets in Germany, North America, United Kingdom and Nordics, and plans to further develop in these geographies.

The Group is the only industry player which such a presence in emerging markets, with 11 JVs in China, major manufacturing and engineering sites in India. It also demonstrated strong track record in executing complex projects in emerging markets and is uniquely placed to capture growth in Asia, Middle East and Africa stemming from economic growth and urbanization.

Alstom can also now build on its ability to offer the best value proposition for its customers based on the most complete and a high performing portfolio in the industry, with Rolling Stock ranging from light rail to very high speed train, parts, maintenance and operations services, and a complete portfolio in Signalling.

Signalling and Services will continue to have the fastest growth potential. Alstom aims to be market leader in Signalling by 2025 benefiting from its technological leadership in ETCS ⁽¹⁾, a presence in each strategic market and strong engineering hubs in mature and emerging markets. In Services, Alstom targets to grow at solid mid-single digit, leveraging on the widest installed base of the industry with, 150,000 vehicles, the most extensive depots network and 15,000 highly skilled service employees. In Rolling Stock, Alstom comprehensive and best-in-class portfolio, continuously fuelled with innovation, is positioning the Group ahead of the game, and Alstom will focus most particularly on increasing competitiveness and profitability.

2. INNOVATION BY PIONEERING SMARTER AND GREENER MOBILITY FOR ALL

Alstom has significantly reinforced his Research and Development (R&D) resources and intends to expand its leadership in rail innovation. With the new scale and combined expertise, the Group now has more than 9,500 patents and a unique scale and talent base in the industry. R&D investments will be significantly reinforced - expected at €550-600 million per year in 2024/25 at around 3% of annual sales - to further advance innovation in the key areas of smart, green, inclusive and healthier mobility.

The Group is the only rail player that today offers the entire scope of green traction solutions and in-house fuel cell technology. Hydrogen trains have been running in Germany since 2018 and the Group has been awarded firm contracts in Germany, France and Italy for 59 trains and has multiplied other partnerships with other countries in Europe. For Smart Mobility, the Group aims to have fully autonomous trains prototypes for freight and passengers ready by 2023. Alstom will also be able to leverage data from the 35,000 vehicles currently maintained and can count on its 7,500 software engineers and systems architects working on digital mobility solutions to further advance its offering to enable fully connected metros, trams as well regional trains.

3. EFFICIENCY AT SCALE, POWERED BY DIGITAL

The continued transformation and efficiency gains combined with the successful integration of Bombardier Transportation will be a key focus to deliver on the Group's ambitious profitable growth targets. The Group will continue to deploy its proven ability in operational excellence and project management, leverage its balanced global footprint, drive the digitalization of its value chain to optimise sites and projects and transfer its expertise throughout the new organisation.

This will be achieved on a basis of clear strategic initiatives supported by a set of dedicated targets by 2025:

- The Group will drive the transformation by deploying its digital suite to reach 100% Group wide, leverage its scale to invest and accelerate and increase digitalization of its processes by 20%.

(1) European Train Control System.

- The Group will drive continued project management excellence in order to achieve a Net Promoter Score of 8.3, implement systematic cash focus in projects, and extend best practices to lower hard inventories by 20%.
- The Group will grow its sites in Best Costs Countries, leverage its combined locations to optimize its industrial strategy and optimize its supply chain to increase global manufacturing work by 20% in Best Costs Countries and increase manufacturing productivity by 10%.

4. ONE ALSTOM TEAM AGILE, INCLUSIVE AND RESPONSIBLE

The Group reiterates its Corporate Social Responsibility convictions to aim for carbon neutrality in transport and increase social equity and inclusion by increasing the availability and efficiency of public transport. These convictions are driven by one Alstom team with one set of values: Agile, Inclusive and Responsible.

The Group extended its ESG 2025 targets and will bring this to the scope of the new organisation. Its priorities are: Enabling decarbonisation of mobility, Caring for our people, Creating a positive impact on society and Acting as a responsible business partner.

Enabling decarbonisation of mobility	<ul style="list-style-type: none"> • 25% energy reduction in solutions ⁽¹⁾ • 100% of newly developed solutions eco-designed • 100% electricity supply from renewables • Alstom committed to science-based CO₂ emissions reduction targets within the frame of the Paris Agreement ⁽²⁾ 	Creating a positive impact on society	<ul style="list-style-type: none"> • 250,000 beneficiaries per year from local actions and Alstom foundation
Caring for our people	<ul style="list-style-type: none"> • Total recordable injury rate at 2 • 28% Women in management, engineering & professional role • Global Top Employer certification 	Acting as a responsible business partner	<ul style="list-style-type: none"> • 100% of suppliers monitored or assessed on Corporate Social Responsibility and Ethics and Compliance standards according to their level of risk

(1) Compared to 2014

(2) Target on Alstom legacy perimeter covering emissions from operations (scopes 1 and 2) consistent with reductions required to keep warming to 1.5°C, the most ambitious goal of the Paris Agreement. Target on Alstom legacy perimeter for emissions from value chain (scope 3) meeting the SBTi's criteria for ambitious value chain goals, in line with current best practice. As part of the Bombardier Transportation integration program, CO₂ reduction targets will be reviewed by the end of FY2021/22

Most recently, Alstom has signed in June 2021 a €400 million Green guarantee facility with BBVA for the issuance of bank guarantees in support of Alstom's commercial contracts which recognizes the Group contribution to Sustainable Development Goals SDG 9 "Industry, innovation and infrastructure" and SDG 11 "Sustainable Cities and Communities".

➤ Integration of Bombardier Transportation

The integration of Bombardier Transportation is on track and has received strong employee support and customer endorsements. Five months after closing, the organisation is deployed as per target; the product and process convergence roadmaps are secured, and the organisation is now operating under one unified IT system. The Group also achieved its first significant commercial wins from the combined strength of the portfolio and expanded geographical footprint resulting in around €6 billion of orders in the first quarter of the current fiscal year.

A clear integration roadmap and timeline has been set to complement the Group's strategy:

- Stabilisation of challenging Bombardier Transportation legacy projects based on Alstom's proven expertise and execution track record in 2 to 3 years with a strong focus on 2021/22;
- One operating model with best-in-class converged processes and product portfolio in 3 years;

- Full leverage of the significant geographical, industrial and product scale and complementarities for synergies, enhanced value proposition and growth from 4-5 years onwards.

The current fiscal year 2021/22 will be a transition year, focused on the stabilization of the Bombardier Transportation challenging legacy projects. During H1 2021/22 free cash flow is expected to be between (€1.6 billion) and (€1.9 billion) impacted by working capital consumption due to phasing, industrial ramp-up and project stabilization efforts. In H2 2021/22, the Group expects positive free cash flow driven by increased deliveries and operations stabilization. Overall, this should result in significant negative free cash flow in 2021/22. Thereafter, the Group expects to see yearly positive free cash flow generation towards its mid-term target over 80% ⁽¹⁾, driven by progressive working capital stabilization.

(1) Subject to short term volatility.

➤ Mid-term financial trajectory and objectives

- Sales: Between 2020/21 (proforma sales of €14 billion) – and 2024/25, Alstom is aiming at sales Compound Annual Growth Rate over 5%, supported by strong market momentum and unparalleled €74.5 billion backlog securing ca. €30 billion of sales over the next three years. Rolling stock should grow above market rate, Services at solid mid-single digit path and Signalling at high single digit path;
- Profitability: The adjusted EBIT margin should reach between 8% and 10% from 2024/25 onwards, benefiting from operational excellence initiatives, the completion of the challenging projects in backlog while synergies are expected to deliver €400m run rate between 2024/25 and 2025/26;
- Free Cash Flow: From 2024/25 onwards, the conversion from net income ⁽¹⁾ to free cash flow should be over 80% ⁽²⁾ driven by mid-term stability of working capital, stabilisation of CAPEX to around 2% of sales and cash focus initiatives while benefiting from volume and synergies take up;
- Alstom will maintain its disciplined capital allocation focusing on maintaining its investment grade profile while keeping flexibility and ability to pursue growth opportunities through focused bolt-on M&A.
- Alstom is committed to delivering sustained shareholder returns with a dividend pay-out ratio of between 25% and 35% ⁽³⁾. For fiscal year 2020/2021, on the dividend announced on May 11 ⁽⁴⁾, Alstom's board of directors decided to propose, in its meeting of July 4, to the General Shareholder Assembly a dividend in share or in cash, which will be detailed in the notice for the shareholders' meeting.

➤ Other strategic acquisitions and partnerships

Over the last decades, both Alstom legacy and Bombardier Transportation legacy pursued targeted acquisitions which enables Alstom today to have an unparalleled commercial reach and strategic industrial capacities with competitive industrial footprint.

In 2020/21, Alstom pursued the implementation of its Alstom in Motion strategic plan through bolt-on value-creating acquisitions.

On 30 June 2020, Alstom acquired IBRE (since renamed Alstom IBRE), a company specialized in the development, manufacture and supply of cast iron or steel brake discs for high-speed, intercity, regional and suburban trains, trams and metros.

In January 2021, the Group acquired B&C Transit, a transit engineering design and construction firm specializing in the passenger rail sector. This transaction reinforces Alstom's position in the North American signalling market by combining the companies' advanced technology products and engineering capabilities to the benefit of transit agencies and operators across the United-States and Canada. B&C Transit, headquartered in California, had a turnover over US\$45 million in 2020.

In March 2021, Alstom expanded its maintenance expertise in Benelux with the acquisition of Dutch services company Shunter. Each year, Shunter carries out maintenance, overhaul and damage repair on more than 1,000 railway vehicles. Shunter's annual turnover in 2020 was around €20 million.

On 1 April 2021, (after fiscal year 2020/21), Alstom completed the acquisition of Helion Hydrogen power. Through this acquisition, Alstom, who is playing a pioneering role in the field of hydrogen for the railway sector, extends its portfolio of innovative and leading solutions. Helion Hydrogen Power employs nearly 30 employees and is based in Aix-en-Provence (France). The company covers the entire value chain of high-power fuel cells and has been involved in more than 100 projects and some 30 of its solutions are in operation worldwide

On 2 April 2021 (after fiscal year 2020/21), Alstom acquired Flertex, a French group specialised in the design and manufacture of brake linings (pads and shoes) for braking systems. With this acquisition, Alstom continues to expand and strengthens its expertise in braking systems, a key element in the overall technical performance of trains.

➤ Industrial footprint

Alstom designs solutions that are very diverse and adapted to the cities, regions and countries they serve. Its organisational structure covers the entire world and relies on a network of offices, engineering centres and manufacturing sites, warehouses and maintenance centres, which guarantees the smooth and uninterrupted supply of these various solutions.

With the acquisition of Bombardier Transportation in January 2021, the Group has access to further strategic industrial capacities with competitive industrial footprint across both mature markets, such as

Western Europe, North America, Australia, and growing markets, including Eastern Europe, Mexico and India. Bombardier Transportation brings hubs of expertise for locomotives and bogies in Germany, monorail and people movers in Canada, suburban and regional trains in France and the United-Kingdom, traction in Sweden, along with engineering centres in best cost countries in Thailand. It brings also seven well-established joint-ventures in China.

(1) Adjusted net income.

(2) Subject to short term volatility.

(3) Of adjusted net income.

(4) Dividend distribution of €0.25 per share, which corresponds to a 31% payout ratio from the adjusted net profit group share.

With those immediate strategic additions to Alstom’s already diversified footprint, the enlarged Group has access to deeper industrial expertise and is closer to its customers. Its commercial and industrial proximity

allows for the precise monitoring of changes in customer needs and the ability to respond quickly.

MAIN ENGINEERING AND MANUFACTURING LOCATIONS



* Engineering locations only.

During the fiscal year 2020/21, Alstom has further automatized and digitized its way of producing and maintaining equipments, as part of its efficiency programme. For instance:

- large deployment of remote assistance in the context of the sanitary crisis, with more than 100 smart glasses used within the Group;
- the quantity of 3D printing parts has been multiplied by 2.5 between 2019/20 and 2020/21.

In Engineering, former Bombardier Transportation brought immediate strategic and qualified engineering capabilities, such as in Saint-Bruno (Canada), a site covering a wide set of engineering expertises in rolling stock, components and software or in Bangkok (Thailand) which complements Alstom signaling engineering presence in Asia-Pacific. The Group also continues to further increase the share of engineering hours in Bangalore (India).

We are now a 71,700 people company (to be compared with 38,900 in fiscal year 2019/20) with 160 nationalities, located in 140 sites and 250 depots.

EMPLOYEES AT 31 MARCH 2021

Africa/Middle East/Central Asia	Asia-Pacific	Europe	Americas	Total
4,900	11,500	43,100	12,200	71,700

In China, the presence of the Group is strengthened by 10,000 people working in non-consolidated joint-ventures such as Casco and Bombardier Sifang (Qingdao) Transportation Ltd.

➤ Offering

With respect to the transportation of passengers by rail throughout the world, Alstom's range of products covers all market segments, from light rail vehicles to very high-speed trains and offers mobility operators and network providers products and solutions throughout the entire rail value

chain. Integrating Bombardier Transportation, Alstom has now the most complete rail portfolio. Alstom portfolio includes rolling stock, signalling solutions, integrated systems (including infrastructure) and services.

ROLLING STOCK AND COMPONENTS

Light Rail Vehicles

Alstom's Citadis™ and Flexity™ combined product range complements and sets the standard in the market, with over 20-year track record and around 8,000 vehicles ordered or already in successful revenue service, in more than 100 cities around the world.

Such complementary tram and light rail vehicle solutions provide the latest technology and innovations such as the first homologated obstacle detection assistance system or the latest catenary-free options. They were tried and tested in various market applications, both for legacy networks as well as for greenfield projects, for the benefit of drivers, passengers and other traffic participants.

On a day-to-day basis, Alstom's Citadis™ and Flexity™ products & services provide urban & suburban transit customers and operators with best-in-class reliability and high availability, with also a set of relevant maintenance package offers for long term support.

The latest Alstom projects, which entered revenue service to accompany transportation stakeholders in meeting tomorrow's mobility challenges, were mainly in Europe (Lyon, Dublin, Gothenburg and Zurich), but also in other worldwide cities, such as Cuenca (Ecuador), Kaohsiung (Taiwan) or Sydney (Australia).

The orders, recently won by Alstom, will complement and contribute to further improving sustainable development and environmental friendliness with the latest fleet renewals (Berlin, Cologne, Nantes, Strasbourg) or with modern additional trams and/or tram-trains (Casablanca, Ile-de-France...).

Urban

Alstom is now able to answer to any urban environment need: from small capacity lines (~5 000 persons per hour and per direction (PPHD)) with Automated People Mover (APM) or Monorail solutions to High Capacity lines (70,000+ PPHD) based on Movia™ or Metropolis™ platforms.

Bombardier Transportation acquisition allowed Alstom to increase even further its market coverage, adding to its portfolio APM (Innovia™ APM) or Monorail solutions (Innovia™ Monorail).

All our urban solutions are designed with the following three priorities: improve safety and experience for all passengers, reduce operating costs of our clients and minimize environmental impact (reduce energy consumption, reduce noise, increase of recoverable materials usage...).

Alstom has delivered urban mobility solutions for a number of major networks in cities such as New York (United States), London (United Kingdom) or Sydney (Australia). Additional cities will see soon running an Alstom product in their urban network: Agra-Kanpur (India) with a Movia™ solution, Taipei (Taiwan) with a Metropolis™ solution, and Cairo (Egypt) with an Innovia™ Monorail, just to name a few.

Suburban trains

Alstom is one of the market leaders in the suburban mobility segment, with a presence in several urban centers and surrounding regions such as France (with X'trapolis Cityduplex™ in Paris area), South Africa (with X'trapolis™ Mega) or the United-Kingdom (with Aventura™).

Alstom has now a larger product portfolio and is able to cover any client need in the suburban segment: from single deck trains such as X'trapolis™ or Aventura™, to double-decks, mixed single and double decks or multilevel solutions. As an illustration of its leadership, Alstom has recently received an order from Metra, the commuter rail network in the Chicago metropolitan area, to supply 200 multilevel cars (the contract can reach up to 500 cars).

Our suburban solutions are thought to minimize operating costs of our customers, while ensuring the highest level in terms of safety and availability. Offering eco-conceived products and designing trains with an improved experience for all passengers, are among our highest priorities. For example, above mentioned Metra bilevel product will meet all Americans with Disabilities Act (ADA) and accessibility requirements, including the addition of wheelchair lifts on each side of the vehicles. The new rail cars will also be 92% recyclable.

Regional trains

With more than 30 years of experience and thousands of regional trains sold around the world, there-off more than 3,000 Coradia™ trains, Alstom has set the standard in the market.

The range offers specific technical configuration adapted to the needs of each operator: Coradia™ Nordic is designed to run in wintry conditions and withstand extremely cold temperatures; Coradia™ Lint™, powered by a diesel drive system, is in operation since many years in Europe and since 2015 in Ottawa, Canada. New deliveries will be environmentally friendly with stage V gas emission standard diesel engines; Coradia™ Continental is a state-of-the-art modular electric multiple unit.

The new Coradia Stream™ is a success, in particular with the supply of more than 310 single deck trains to clients in Italy (Regional version) and to the Netherlands national railway operator (Intercity version). This range enlarges with high-capacity double-deck trains with orders by the Luxemburg's national operator and by German public transit authorities LNVG totalling 68 trains.

On top of Coradia Stream™ High Capacity, Alstom offers further double-deck solutions, such as Omneo™, a family of extra-wide double-deck trains that combine capacity, comfort and accessibility. The different versions make it possible to provide commuter, regional and intercity services. French national operator SNCF has already bought more than 500 trains.

With Twindexx™ Vario double-deck coaches, Alstom offers a modular and variable train concept, which can easily be adapted to peak and off-peak travel times. To be used with in push-pull operations using electric or diesel locomotives.

EMISSION-FREE REGIONAL TRAINS

Alstom is ideally positioned to accompany its clients in phasing out diesel by 2035 as it is the sole railway player to offer the whole range of green-traction solutions.

Alstom launched, in 2016, Coradia iLint™, an emission-free train for non-electrified lines, powered by hydrogen fuel cells. It can run at 140 km/h, with an autonomy up to 1,000 km/tankful, and accommodate up to 300 passengers. The first pre-serial trains entered in passenger service in Lower Saxony (Germany), in September 2018, and were operated in Austria in autumn 2020 as well. Alstom has signed two contracts to supply serial trains in Germany, now: in 2022, 14 Coradia iLint™ will be delivered to LNVG and 27 trains of the same type to RMV. Additionally, with Coradia Stream™ FCMU, Alstom will deliver hydrogen trains to Italian operator FNM. Also, Alstom recently signed a contract with SNCF to deliver 12 Coradia™ Polyvalent hydrogen version to French Regions.

In 2020, Alstom signed its first contract ever for battery powered trains (B-EMU) with VMS in Germany. The trains are based on service proven Coradia™ EMU train family.

Alstom is also pursuing its strategy of sustainable development and innovation with the acquisition of Helion Hydrogen Power. With this acquisition, Alstom extends its portfolio of innovative and competitive solutions. Helion covers the entire value chain of high-power fuel cells. This technology offers a very interesting potential for the hydrogen train market, which is expected to boom by 2025-2030 with the replacement of many ageing and polluting diesel trains and the diesel ban in some countries.

Mainline

Alstom™ offers the largest range of high-speed trains in the market, from articulated and non-articulated trainsets to tilting technology, single or double-decker architectures, concentrated or distributed traction. Six current flagship products represent the culmination of 40 years of expertise and more than 2,800 high-speed trains sold with Alstom™ technology in 25 countries.

High speed trains have a maximum service speed between 200 km/h and 250 km/h, this segment encompasses 2 products: Avelia™ Pendolino™ and Zefiro™ Express.

Avelia™ Pendolino™ high-speed trains ensure excellent flexibility and seamless cross-border service. With its Tiltronix™ anticipatory tilting technology, Avelia™ Pendolino™ can travel more rapidly through curves on conventional lines (up to 30% faster in curves than a classic train), reaching speeds of 250 km/h on high-speed lines while guaranteeing an excellent level of passenger comfort inside the train. It is available with or without tilting technology. Since 1976, more than 500 Avelia™ Pendolino™ train sets have been sold throughout the world in various trainset lengths and loading gauges.

Zefiro™ Express high-speed trains bring comfort to the intercity segment with the lowest total cost of ownership. Capable of comfortably seating up to 800 passengers, it is the perfect mobility solution for intercity routes with high ridership. The Zefiro™ Express solution was designed for peak performance through all seasons and has undergone extensive testing in winter conditions. The train is reliable down to -40 degrees Celsius and can run through an 80 cm snow drift. In 2018, Västtrafik (Sweden) signed an agreement for the supply of Zefiro™ Express train fleet consisting of 40+5 three-car trains.

Very high-speed trains have a maximum service speed above 300 km/h, this segment encompasses 4 products: Avelia™ Euroduplex™, Avelia™ AGV™, Avelia Horizon™, Avelia Liberty™. Alstom™ is also leveraging on developments made by recently acquired resources in the very high-speed segment.

Avelia™ AGV™ is the first very high-speed train (up to 360 km/h) combining articulation and distributed power. As a result, it offers lower operating costs in terms of energy and maintenance. Avelia™ AGV™ is available in different configurations of multiple units including two eleven-car and three seven-car trainsets, with a light weight, reduced number of bogies, improved aerodynamic design and permanent magnet motors to limit energy consumption.

Avelia™ Euroduplex™ is the world's only double-deck very high-speed train in service able to travel at service speeds of 320 km/h. Operating on the French, German, Swiss, Spanish and Luxembourg rail networks, and in Morocco, Avelia™ Euroduplex™ trainsets, like all Avelia™ trains, feature signalling equipment compatible with each network and are fitted with traction systems adapted to the different voltages used in these countries. After more than 130 trains sold, Avelia™ Euroduplex™ is being replaced by the new generation of double deck very high-speed trains, Avelia Horizon™.

Avelia Horizon™ brings its predecessor's benefits to a further level, offering 20% more capacity together with high comfort and minimising total cost of ownership, thanks to an optimised architecture based on compact power car and new articulated double deck coaches. Energy consumption and maintenance costs are reduced respectively by 20% and 30% compared to the previous generation. In July 2018, the Board of Directors of SNCF Mobilités approved a firm order for 100 next generation Avelia Horizon™ very high-speed trains, to be in commercial service by 2024.

Combining proven technologies such as tilting from Avelia™ Pendolino™, articulation and compact power car from Avelia Horizon™, Avelia Liberty™ offers flexibility and comfort with accessibility and reduced operating costs. Amtrak ordered 28 new high-speed trains, which will run on the Northeast Corridor between Boston and Washington D.C.

In addition to its proprietary product range, Alstom™ provides its high speed and very high-speed technology and experience as member of a consortium or as a supplier to other manufacturers. As an example, Alstom™ is playing a major role, providing car body shells, bogies and final assembly of specific cars to the ICE 4 program in Germany for Deutsche Bahn.

Locomotives

The manufacturing of locomotives for the purpose of passenger or freight transportation is at the heart of Alstom™ historical business activities and expertise. With over 5,500 locomotives sold throughout the world, Alstom™ locomotives have provided a response well adapted to operators' demands.

Traxx™ 3 locomotive platform (BoBo) is one of the most innovative locomotives to enter the European freight and passenger transportation market. The Traxx™ 3 platform offers a flexible and modular design for European Mainline applications and configurations required for individual operation. Building blocks of this platform can be used for customized solutions for specific regions. Examples of such applications are the ALP passenger locomotives for North America, the E464 locomotive for Italy's passenger traffic and the IORE locomotives for heavy freight transport in Sweden.

Fully compatible with the European Rail Traffic Management System (ERTMS) signalling systems, Alstom™ locomotives can cross borders with ease and operate on every freight corridor in Europe, as well as being able to run on any of four main power supply voltages (25 kV, 15 kV, 3,000 V and 1,500 V). They are equipped with redundant systems that reduce the risk of downtime due to immobilisation.

Both alone and with its partners, Alstom™ also develops Alstom Prima T8™ (double BoBo type, up to 25 tons/axle), for heavy freight operations guaranteeing low maintenance costs and high operational performances in extreme conditions.

Finally, Alstom™ has two types of environmental-friendly shunting locomotives in its portfolio. The Alstom Prima H3™ hybrid shunting locomotive (3-axle) combines the autonomy of diesel engine and the benefits of the battery, which allows to reduce fuel consumption by up to 50%. As of end 2020, 54 Alstom Prima H3™ hybrid locomotives have been ordered by German and Swiss companies and 42 have been put in commercial service, representing by far the largest fleet of hybrid shunting locomotives running in the world. The Alstom Prima H4™ is a BoBo type locomotive which can be used for shunting and track works services, and also for mainline freight services thanks to its high power range for a shunting locomotive. The Alstom Prima H4™ is available in three versions, namely dual-mode diesel (catenary power supply and diesel), dual-mode battery (catenary power supply and battery) and hybrid (diesel engine and battery). SBB Infrastructure, in Switzerland, has started equipping its rail network with 47 Alstom Prima H4™ dual-mode diesel locomotives since 2019.

Components

Alstom designs, develops, manufactures and services also bogies, traction motors, gearboxes, hydraulic dampers, brake discs, complete traction systems including auxiliary converters, switchgears, transformers and the backbone of any rolling stock: the train control systems (hardware and software). They are the result of several decades of experience acquired and capitalized by Alstom's engineers. Thanks to the recent acquisition

of Bombardier Transportation, the components portfolio has now an unprecedented range of products and technologies.

In addition, Alstom is continuing its strategy of excellence in the development of its interiors for the rolling stock. Alstom strengthens further its capacity to innovate and to develop Interior Solutions which are modulable and environmentally friendly with an even higher level of recyclability, while offering to Passengers an enhanced environment, quieter, and more comfortable, through innovative solutions such as the dynamic lighting system called "Smart Lighting".

The use of permanent magnet motors from light rail to very high speed and the introduction of Silicon Carbide technology (SiC) in its auxiliary and traction converters enables us to offer more compact and efficient traction solutions, optimized power density and significant energy consumption savings.

Pushing the limits of performance with our new traction system technology has helped to significantly improve the Total Cost of Ownership (TCO) and reduce maintenance activities allowing Alstom to win multiple new metro contracts like in Bucharest.

A revolutionary Integrated Traction and Auxiliary Converters (ITAC) has been successfully launched and will be the core of the future Nantes tramways. This new "all-in-one" layout of the traction case, with reduced dimensions and weight, ease the integration on the roof of optional autonomy solution.

In order to improve passenger's accessibility, Alstom has developed a levelling system to adjust all types of trains to platform height as well as a variable-gauge bogie technology avoiding passengers to move from a train to another in countries where there are still different track widths like on regional Swiss market where the track width may be different between cantons on local lines.

Our new portfolio has recently integrated a revolutionary frameless bogie concept allowing, on top of the weight reduction and the associated performance improvement, a fully flat and ultra-low floor all along the tramway and better accessibility for disabled people. It will be integrated on our recently won contract for the Berlin's tramways.

The bogie technology also covers passive radial wheel steering technology reducing drastically wheel wear and noise and, thanks to the enormous engineering knowledge, we can offer our customer services to optimize their wheel and track wear through our "Wheel Rail Interface consultancy services".

Regarding train control systems, Alstom has developed and deployed an upstream validation scheme using the latest techniques to ensure smooth introduction to commercial service.

On top of the acquisition of IBRE in July 2020 which is addressing all solutions of brake discs both for original equipment manufacturing and aftermarket, the recent acquisition of Flertex, specialized in the design and manufacture of brake linings and pads will expand and strengthens Alstom's expertise in braking systems, a key element relating to the safety and overall technical performance of trains.

HEALTHIER MOBILITY™

Alstom's Healthier Mobility™ portfolio of solutions, consisting of solutions for immediate implementation or under development, has been specifically developed to destroy viruses, including Covid-19, while limiting their impact on the environment and on passenger health and guaranteeing the reliability and durability of rail material.

These solutions have been divided into five domains, in connection with the mode of transmission of the virus:

- Cleaning and disinfection;
- Contact surfaces;
- Air treatment and ventilation;
- Contactless solutions and passenger flow;
- Referential.

An example of implementation is Alstom Matria, a solution from the Alstom Healthier Mobility™ portfolio, which has been tried and tested in the Panama metro. In response to the constraints linked to the health crisis, this technology is used to ensure that train occupancy never exceeds 40% of maximum capacity, as recommended by the country's health authorities. Matria uses artificial intelligence (AI) to provide operators and transport authorities with improved tools for managing passenger flow, enabling them to adapt their transport offer in real time to the various requirements of social distancing and to manage large flows of people.

INFRASTRUCTURE & TELECOM

Alongside its expertise in the execution of track, electrification and electromechanical equipment projects, Alstom develops innovative infrastructure solutions to achieve reduced costs, faster delivery and improved energy efficiency of urban transport projects. As track works play a significant role in the duration of a project, Alstom designed Appitack™, an automated track-laying solution enabling to install urban tracks up to four times faster than with traditional methods. Alstom also co-developed HAS™, a metro track solution composed of concrete sleepers on resilient pads placed in a rigid boot, attenuating ground-borne noise and vibrations. HAS™ is under implementation on Crossrail project (United Kingdom) with more than 5,000 sleepers being installed in sensitive sections of the line and has also been the selected solution for the Grand Paris Metro L15 (SE) and L16.1 with more than 15,000 sleepers.

To achieve significant energy efficiency for urban and suburban rail transport networks, Alstom has created Hesop™, a reversible substation for traction and recovery in one single converter. Hesop™ enables the reduction of heat dispersion and therefore the associated ventilation

requirements in underground operations. Hesop™ recovers 99% of the available braking energy during the full project life. This energy optimization enables to reduce the number of substations by 20% in new built projects or increase the traffic up to 40% on existing lines. Hesop™ converters have been ordered for projects such as the Riyadh subway (Saudi Arabia), the Dubai subway (UAE), the Sydney tramway (Australia) as well Hannover (Germany) tramway and Toulouse (France) Metro lines. 130 Hesop™ converters are now ordered or delivered.

Alstom also pioneered in the field of catenary-free tramway solutions, with APS™, a technology powering trams at ground level via a segmented third rail. To complete its catenary-free solutions, Alstom launched SRS™, a new ground-based static charging system for trams and electric buses equipped with on-board energy storage. In December 2019, Alstom commissioned, for the first time, its new-generation tram Citadis X05™, completed with its innovative SRS™ charging system on new lines 2 and 3 in Nice (France). Since October 2019 the first SRS™ charging system for electrical buses has been installed and operated as a pilot in Malaga, Spain.

TURNKEY

Alstom capitalized on its multidisciplinary knowledge and experience to offer integrated systems able to manage every aspect of a railway system (trains, signalling, infrastructure and maintenance). Alstom offers these solutions both in the urban transportation market and the mainline transportation market.

With numerous urban lines under construction underway around the world, Alstom continues to cement its position as a global leader for integrated urban systems projects. This is an area in which Alstom has an excellent track record with contracts such as Montreal (Canada), Riyadh (Saudi Arabia), Toulouse (France), Taipei (Taiwan) or Cairo (Egypt).

Alstom provides a global approach for metro systems that was applied to projects such as Dubai metro. Dubai metro is one of the most iconic Alstom projects, in commercial service since February 2021.

It started with the anticipation of Dubai 2020 World Expo, half of its expected 25 million visitors shall use public transport. Its mission was two-fold: upgrading the existing system's performance and adding a new interoperable extension of 15 km long, without impact on the operation of the existing line.

To meet the needs of cities experiencing rapid growth and high population density, Alstom has developed Axonis™, a light metro system, that capitalizes on the use of industry-standard subsystems such as Metropolis™, Urbalis™, Hesop™ and Appitack™ along with performance optimisation and pre-defined interfaces, to reduce the acquisition cost and the total cost of ownership.

Alstom is also pioneer in Monorail solution with its sleek vehicles running on slender guidebeams, seamlessly integrated into urban environments with commercial success such as Bangkok (Thailand) or Cairo (Egypt). Alstom driverless monorail turnkey system based on Innovia™ monorail 300 rolling stock offers comfortable mass-transit capacity with iconic aesthetics.

Alstom complements its turnkey urban system offering with its tramway integrated systems such as *Attractis™*, its pre-engineered integrated tramway system solution for fast-growing cities, that include rolling

stocks, road works, related infrastructure along with control systems and maintenance depots, with significant contracts such as Sydney or Edmonton.

Alstom is at the forefront of developments in automated people mover (APM) technology. Los Angeles Airport and Jeddah International Airport are among our latest contracts. Alstom integrated APM system offering capitalizes on our latest generation vehicle: *Innovia™ APM 300* that has evolved from years of service backed with extensive testing on our own test tracks.

SIGNALLING

Alstom provides operators and infrastructure managers the means to ensure the safe and smooth transportation of passengers or merchandise, thereby optimising the efficiency of urban or main line networks. It supplies railway operators and infrastructure managers with control and information systems as well as onboard and on-track equipment that guarantee the effectiveness and safety of the use of products, on the one hand, as well as ensure that passengers are informed and comfortable, on the other hand.

Alstom's offer is focused on two separate segments of the market: main line networks and urban networks – for which Alstom offers complete and integrated solutions, which are customisable, based on the needs of its customers. In addition, it also offers passenger security solutions, and control centres for network management.

The development of signalling activity enables Alstom to meet the growing demand for integration expressed by its customers. At the same time, it makes every effort to reduce costs associated with this business by relying increasingly on outsourcing its electronic systems production and by establishing engineering centres in new regions, such as in Bangalore (India). In order to optimise its development efforts, Alstom's signalling products and solutions rely on shared processes.

Mainline Train Control

Operators must face challenges of an increased demand at lower cost. They are looking for better quality of services, reduced trip time and better punctuality without modifying the existing infrastructure. Alstom signalling solutions optimize traffic, ensuring efficiency and gradually automating operations with a competitive total cost of ownership. Our mainline signalling solutions are ranging from freight traffic to regional and commuter, intercity and high-speed lines.

European Train Control System solution

The new ETCS/ERTMS standard (European Train Control System/ European Rail Traffic Management System) for railway network interoperability is intended to impose a single signalling system shared by all the countries in the European Union. The ETCS/ERTMS standard has now been adopted by rail operators for different types of rail operations from suburban to very high-speed rail and by operators from many countries outside Europe. Having played a key role in defining these ETCS/ERTMS standards, Alstom's answer to these challenges can be found in

Atlas™, *Interflo™* and *EBC™* offerings, complete solutions integrating all of the network's data in order to automatically adapt the speed and distance between trains, including whenever the train crosses borders.

Alstom has won a contract from the National Capital Region Transport Corporation Ltd. (NCRTC) to provide India's first-ever line with European Train Control System (ETCS) hybrid Level 3 signalling system. The contract marks a world premiere for the combination of the latest ETCS standard supported by the latest digital Interlocking and Automatic Train Operation (ATO) over Long Term Evolution (LTE) radio.

Freight and Mining train control solutions

ElectroLogIXS™ Freight and Mining train control solutions offer a CENELEC and AREMA compliant, wayside interface that provides vital control of wayside signalling applications. Ideally suited for small to medium interlocking, signalling and level crossing applications, *ElectroLogIXS™* provides a variety of functions available a single platform. *ElectroLogIXS™* provides interlocking control for small to medium-size interlocking with integrated control of lamps, vital input/output and track circuit intermediate signalling applications. It also provides an integrated level crossing controller solution including constant warning/prediction capability and control of level crossing gates, lamps and bells. Alstom Freight and Mining solutions are widely deployed with an excellent safety and reliability record. *ElectroLogIXS™* has over 18 years of safe and reliable operation and over 25,000 units in revenue service.

Incremental Train Control System is a GPS-based train control system well suited for long spread-out territory, remote section of tracks, low to medium frequency trains, challenging power and communication supplies, and simple interlocking needs. Acting in remote areas as vital virtual signalling system, ITCS wirelessly communicates train movement authority as though the territory were operating under centralised traffic control. This principle leads to the lowest possible trackside equipment for a signalling system allowing optimised lifecycle costs and higher availability. This solution is scalable and can be adapted without changing the infrastructure. Safety is ensured through full situational awareness and continuous speed enforcement in the cab and wireless control of all trains from central office. ITCS offers proven performance in daily revenue service since 2001 having been deployed on freight, mining and mixed traffic lines in USA, China, Australia and Colombia.

Urban Train Control

Network congestion, security, environmental pollution, and the lack of adequate mobility solutions are the main challenges that urban transportation must face. One of the keys to solving these issues is increasing urban transportation capacity by improving signalling systems. For over 70 years, Alstom has been addressing such urban challenges, which is why it constantly upgrades its Urban signalling solutions, enhancing transport capacity and providing maximum operational flexibility.

As part of its range of products for urban networks, Alstom offers both onboard and on-track products (interlocking and trackside equipment) and solutions (automated control system, control center).

Communications Based Train Control (CBTC) solutions

Alstom's Urbalis™ and Cityflo™ family of CBTC solutions have equipped more than 180 lines over the world.

In 2020, Alstom has been awarded the contract by Toulouse Metropole for the third and new 27 km line, including Urbalis™ 400 CBTC solution for driverless operation.

To further improve urban transport capacity, Alstom developed Urbalis Fluence™, the next generation CBTC. It is the first urban signalling solution with more on-board intelligence and direct train-to-train communication. The solution offers operators greater transport capacity, reducing headways to 60 seconds while ensuring the highest operational availability and improved total cost of ownership through a 20% reduction in the amount of equipment, energy savings of up to 30% and adds up to 20% in line capacity.

Urbalis Fluence™ have seen in 2020 its first introduction in China, Shenzhen line 20, with a revenue-service plan for 2023.

Conventional Train Control solutions

Our Pegasus™ and Cityflo™ solutions assists and controls the driver in some crucial functions, such as speed control and calculation, emergency stop signals, vigilance system. From trams to light rail vehicles to metros, our solutions deliver the highest levels of safety while meeting operator demand for flexible, high-performance and cost-effective solutions.

In 2019, the Quito Metro Line 1 consortium of civil work companies chose Alstom to deliver the line's rail control system to ensure the system runs smoothly and safely.

Interlocking

Compatible with the main signalling standards in existence today, Smartlock™ and EBI Lock™ are considered high-quality solutions recognised for their versatility.

Based on the overall level of network traffic, Alstom interlocking systems will allow – or not – a train to continue its journey when it crosses a given point machine by following a safe itinerary that avoids all risks of conflict with other trains' itineraries, whether on urban, freight, or main line networks. They are interfaced with onboard control systems and control centres.

Our latest digital interlocking has been selected by SNCF (ARGOS), and will allow a reduction of 15% of the total cost of ownership for the operator. Through a resilient and performant system, the interlocking will be 30% quicker to deploy than previous generations. While assuring the digital continuity of the product, special focus has been laid on cybersecurity.

Track Products

Alstom offers a complete range of track products and solutions that include vital train detection (track circuits, axle counters and eurobalises), switch point machines and level crossing solutions.

Providing state of the art features and sustainable technology, our adaptive portfolio can serve all type of railway applications: urban, mainline, freight and depot.

Thanks to high connectivity they are interfaced with control systems and designed to be integrated in diagnostic network.

Supervisory system

As the need for more efficient rail network operation increases as a result of an effort to optimise the use of assets, operators need a system that is able to provide a fully integrated monitoring and control system for all operational (train movement control, incident management, resource allocation) and functional (static in-station or onboard functions) elements of the network. This system must be easily customisable to rapidly take into account the operator's structure and operation procedures.

Alstom's solutions focus on passenger safety and the management of information intended for them. With over 70 control centres located throughout the world, Alstom is one of the few market players that benefits from a sufficient amount of credibility and experience to lead projects that involve the management of several lines, for Urban, Mainline and Freight.

Traffic Management

Iconis™ and EBI screen™ control centre solutions oversee and control all aspects of the traffic management.

Alstom automated control system guarantees train adherence to schedules and automatic optimisation of routes with respect of the operational tasks needed by the several actors involved in the Traffic Management to obtain a real and feasible conflict-free resource utilisation. It provides network operators with a general view of the status of network traffic and enables them to interact directly with the system at that level. Our solutions can take various forms: from a simple autonomous post for an independent station to several hundreds of interconnected servers and operator workstations, able to manage an entire country network.

Security/Closed Circuit TeleVision (CCTV)

Protecting passengers and their belongings from any potential security threats is a central focus for Alstom. Relying on its technical know-how, which enables it to evaluate precisely the risks faced in all the segments of the rail industry, Alstom offers a state-of-the-art advanced security system that is modular, easy to integrate and operate around the clock, and that handles all functions intended to guarantee the safety and security of passengers.

Alstom's range of products extends from simple stand-alone security components to full integration within a control centre with assisted incident management capabilities. It offers a customisable security system structure that can be tailored to any type of train, station, control centre, or warehouse.

Infrastructure and Signalling services

Infrastructure and signalling systems designed and delivered by Alstom ensure safe and optimised operation of the railway throughout its lifetime. Maintaining systems over such a timeframe requires a modern approach to services, especially considering rapid technological advancements and growing demands for capacity. Alstom addresses this by combining digital technologies with significant experience in developing, upgrading and maintaining signalling and infrastructure systems to create a comprehensive portfolio of services. From traditional support such as provision of help desk, spare parts and repairs, to more advanced services including remote condition monitoring and lifecycle management, Alstom delivers the relevant product expertise, technology and processes for optimal performance of the railway system. With services provided to over 70 customers on all continents, Alstom is the long-term partner to railway operators and infrastructure owners around the world.

Smart Mobility

Mobility Orchestration

Our mobility orchestration solution, Mastria™, is designed to meet the current and future needs of “smart cities” and coordinate all types of public transport, from rail to road. It generates high quality information accessible through open data platforms for on-demand services such as car-sharing, self-service bicycle, parking services. All the information is provided in real-time from all transport modes.

It monitors, integrates, regulates and optimizes Mobility Offer over the whole public transport network (trip plan, capacity adjustment) and uses advanced data analytics and algorithms to predict and anticipate impact on traffic in order to optimise Mobility Demand.

Connectivity

Rail operators have to satisfy ever-growing expectations from passengers wishing to utilize their travel time productively. Modern means of communication can contribute to meeting this need by making real-time information as well as on-board audio and video entertainment available.

Our cutting-edge, future-proofed technology offers a comprehensive portfolio of passenger and fleet connectivity solutions to the railway industry by improving connectivity for trains, metros, trams and buses on the move globally. Nomad Digital™’s solutions include passenger Wi-Fi, innovative Passenger Information Systems and on-board passenger portals, entertainment and media platforms.

In September 2018, the consortium of Alstom and Nomad Digital™ have been awarded a multi-million-pound contract by DSB in Denmark: it is a 6-year agreement to design and deliver a complete on-board Passenger WiFi solution and provide maintenance and operation services to the system

SERVICES

Alstom offers a complete range of customised services including rolling stock maintenance, asset life management, train operations & system maintenance, digital solutions, parts and components overhauls. All of which ensure operators the highest level of availability for their fleets.

Data factory

As the digitalization of public transportation is growing, the need for combining all the data is rising, from train, track, signalling, passenger, ticketing, city event and road traffic. As the age of seamless data environment started, the requirement for digital technology compliant and connected with railways solutions is getting stronger.

Through our Data Factory, Alstom combines all the mobility data & its expertise to answer mobility challenges on four pillars: assets availability (condition monitoring, predictive maintenance), operations (traffic management, performance simulation), energy (consumption, simulation and optimization) and people flow (passenger demand and people flow prediction).

Cybersecurity

In a world driven by digital, having assurance that data and networked systems are protected is a basic requirement to ensure continuous operations. The rail transport sector needs to prepare for potential cybersecurity threats. Operators shall also respect various new regulations and standards.

Cybersecurity in Alstom is addressed as a core element in order to ensure the cyber-resilience of Alstom solutions. Cybersecurity functions and services are offered on solutions of Alstom’s portfolio, on rolling stock, systems, services and signalling.

Alstom solutions address the entire Cyber Security Lifecycle. Rail asset owners and operators need to undertake risk analysis to understand where their vulnerabilities lie and react proportionately. For each risk, from building a new line to launching a new type of train or upgrading their signaling systems, the cybersecurity architecture framework is defined by what our customer want to protect, the likely impact of the risks and where they come from – the internal system, inside the supply chain or from external threats. We propose state of the art services and solutions covering risk analysis, security by design, vulnerability management, vulnerability scanning.

To go further and faster, Alstom develops partnership with several stakeholders of the cybersecurity domain. The partnership with Airbus in the field of cybersecurity of transport systems is an example. Signed in April 2017, the partnership is a strategic cooperation agreement covering topics such as security governance, security processes, secure product design, maintenance of security. The investments and strategic cooperation agreement with Cylus, specialist in cybersecurity solutions for the railway sector is another example. Together, Alstom and Cylus will integrate cybersecurity technology into railway processes, components, and solutions. The technology will be implemented first in the Tel Aviv metropolitan light rail system with a capacity of 200,000 passengers a day. Alstom previously won a contract to supply the signalling and train control systems for the Tel Aviv Red Line tramway in 2017.

The Services activity enables Alstom to further strengthen its relationship with its customers and to better evaluate their needs and expectations.

Alstom's services are present all along the life-cycle of a train, from the earliest stages – by designing rolling stock that is easier and less costly to maintain (design for serviceability) – throughout the construction (training, mobilisation, maintenance planning) and operation phases (maintenance, digital support, modernisation, obsolescence planning and management, parts, repairs and overhauls), up to the end of life of our products (demobilisation and recycling).

Thanks to an effective value proposition, we continuously deliver a profitable sales growth, with over 300 new contracts signed in 2020.

Alstom is maintaining over 35,000 vehicles and with 150,000 vehicles installed base fleet – the largest worldwide – has a unique springboard to further expand its leadership in Services.

Rolling Stock Maintenance

Alstom has over 40 years of experience maintaining Railways assets built by Alstom and other manufacturers, in our customers' sites or in our own maintenance facilities.

With Alstom services, operators can transport passengers and goods at the best levels of service and profitability. Alstom's expertise in supply chain and industrial organisation, backed by a strong system and maintenance engineering competency, guarantees outstanding rail system availability and reliability for rolling stock.

We tailor our services to the needs of our customers and the complexity of the project. We offer scalable Maintenance services, ranging from technical support to providing full and whole-life availability services, depending on customer's needs, the complexity or requirements of the project.

Digitalisation and the emergence of the Internet of Things (IoT) widens the range of possibilities to achieve a higher level of excellence in services and asset management. Alstom has created HealthHub™ and Orbita™, innovative approaches to condition-based and predictive maintenance. Our integrated decision-support range of tools (sensors, cameras, lasers, dataloggers, etc.) continuously monitors the state of the assets to prevent failures, and supplies data to our ground based decision making and visualization system, ensuring assets are performing at optimal standards and interventions are targeted and appropriate.

To turn the collected data into action, Alstom has now launched Dynamic Maintenance Planning – a new solution that allows a more responsive, flexible and fluid execution of maintenance activities. Furthermore, it delivers value during the operation and at each step of the maintenance plan, building seamless interactions between operations and maintenance.

Latest references in rolling stock maintenance cover all type of fleets all over the world such as Sydney Metro (Australia), Barcelona light rail vehicles (Spain), Avanti West Coast Mainline High Speed Train (UK) and PRASA X'trapolis™ EMU (South Africa), Crossrail EMU and Elizabeth Line metro (United Kingdom), Queensland New Generation Railway EMU (Australia), Pink and Yellow line Bangkok Monorail (Singapore).

Train Operations & System Maintenance

Thanks to a global dedicated train operating organisation with world-class capabilities and expertise, Alstom offers passenger train operation services allowing increased customer value, reduced customer operating costs, higher fleet utilization and system performance. Through our 25 projects worldwide, we are committed to deliver an excellent service for both passengers and system owners.

Latest references for train operation include Go Transit in Toronto (Canada), West Coast Express in Vancouver (Canada), Frankfurt airport (Germany).

As part of integrated turnkey system contracts, Alstom provides maintenance services for the full system (trains, signalling and infrastructure), allowing availability improvement and continuous safe operation of all assets.

Latest references for turnkey system with operation include MARC Maryland (USA), NJT Riverline (USA); latest references for turnkey system include Sydney light rail vehicles (Australia), Riyadh Metro (Saudi Arabia).

Digital Solutions

In a fast-evolving legal and technological environment, railway undertakings need to constantly maintain their level of expertise to continue to deliver world-class services to their passengers. Alstom's broad spectrum of know-how helps its customers stay ahead of the game, anticipate new requirements and keep their employees fully trained in their specialties.

Alstom Digital Solutions combine the extensive legacy from two pioneers in condition monitoring and is now best positioned to enter the era of data-driven Prognostics and Health management. This is leading to a deep transformation of traditional ways of working, with key elements like:

- HealthHub™ and Orbita™, that allow health-based maintenance regimes that optimize both reliability and availability whilst reducing life-cycle cost. Along with pushing the useful life of components to their intrinsic maximum, this is as well a significant improvement in sustainability. With more than 18,000 cars and 90 fleets monitored, Alstom can leverage both data gathered, and its expertise developed to bring the best maintenance solutions to its customers. For example, on West Coast Main Line (UK), maintenance intervals have been extended from every 16,600 miles to every 32,000 miles.
- Dynamic Maintenance Planning (DMP), that manages automated information flow, better activity traceability, optimised operations and intervention rate, higher industrial efficiency leading to a more responsive, flexible and fluid maintenance execution.
- Customer Portal, to facilitate the exchange with our customers, providing access to fleet data, technical support (online experts, obsolescence management, safety alerts, etc.) and easy access to all digital services, including e-documentation and Alstom's online service for ordering parts.
- Training and Education platforms, with state-of-the-art learning solutions for customer staff and world-leading simulation solutions (e.g. VR/AR driving simulators and a comprehensive maintenance/safety simulation ecosystem).

Latest references for predictive maintenance include Sydney Metro (Australia), Italo High Speed Trains (Italy), Reims light rail vehicles (France), SBB ICN EMU (Switzerland), Crossrail, LOTrain and East Anglia AVENTRA fleets, (United Kingdom), Shanghai Metro Line 12 (China); latest references for e-documentation include Avanti West Coast Pendolino™ (United-Kingdom), Montpellier light rail vehicles (France); latest references for e-training include Bane Nor Main Line (Norway).

Parts and Component Overhauls

Component Overhaul and repairs are the basis for reliability, availability, lifecycle costs and the value of the vehicle.

Alstom offers a single-entry point into a large supplier panel, ensuring through the right part at the right time and capitalizing on technical expertise as designer and manufacturer of rolling-stock. It offers anticipation for parts supply and technical support through Technical Support and Spares Supply Agreement (TSSSA) contracts or zero missing parts through Materials Availability Services.

Alstom also proposes various commercial offerings from spot requests catalogue (+2,000,000 train parts referenced) to Vendor Managed Inventory (VMI) allowing to reach enhanced fleet availability and shortest lead time thanks to forecasting, sourcing, purchasing and stocking solutions.

In addition, Alstom has developed dedicated Components Services Centers for key subsystems (bogies, brakes, traction, TCMS, etc.) to provide worldwide support to our customers for component overhauls or specific repairs.

Latest references in parts and repairs cover all types of fleets all over the world such as Amtrak very high-speed trains (United-States), Nice light rail vehicles (France), PRASA suburban trains (South Africa), Class 180 regional trains (United-Kingdom), Berlin BVG Flexity™ Trams (Germany), Mumbai MRVC WAP7/WAP9 locomotives (India).

StationOne™

StationOne™ is the first specialized BtoB marketplace dedicated to the railway industry. It is the only digital solution for procurement across the railway ecosystem, offering parts and services for all type of train fleets, stations, infrastructure and systems.

StationOne™ is live and fully operational since March 2019 and available in several countries in Europe. It matches demand from local and national operators with supply of internationally renowned vendors.

Asset Life Management

Alstom offers solutions allowing enhanced train performances, extended lifetime by up to 20 years, reduced energy consumption by up to 35%, improved comfort and minimized environmental impact.

Depending on the industrial means of the customers, Alstom can perform the modernisation engineering studies, validate the solution, obtain the regulatory certifications and deliver the associated kits to the operators wanting to complete their projects internally or lead the entire project up to the industrialization and necessary testing.

Alstom also offers a full range of obsolescence services, from monitoring of systems and equipment, issuing alerts to mitigate the consequences of obsolescence up to full obsolescence management and treatment solutions to ensure that the expected lifecycle is achieved. It leverages, for instance, 3D printing used for rapid prototyping and obsolescence solutions.

Latest references in modernisation and obsolescence services cover all types of fleets all over the world such as Santiago metro NS93 (Chile), Charleroi TEC light rail vehicles (Belgium), Lille and Grenoble tram (France), MTA Maryland MARC III (USA), Eurotunnel shuttles (UK-France).

GREEN MODERNISATION

Alstom now offers a range of green modernisation products & solutions to answer all market needs and lower the environmental footprint of rolling stock, including:

- specialised simulation tool to define the most efficient solution;
- auxiliary systems enhancement, e.g. use of LED lighting, CO₂-regulated air conditioning system;
- green re-tractionning.

Green re-tractionning aims to provide alternatives to diesel traction, to comply with low-emission zone or zero-emission zone regulations. Hybrid systems (batteries + diesel), batteries or hydrogen re-tractionning based on iLint™ know-how (world's first hydrogen train) can offer:

- reduction of energy consumption;
- reduction of Green House Gas emissions;
- reduction of noise;
- autonomy for non-electrified lines, from a few last miles with diesel-hybrid solution, 80 to 100 km with battery solution, 600 km for bimodal hydrogen/catenary trains and up to 1,000 km for hydrogen solution without catenary.

Latest reference in green modernisation: Contract with SNCF for five Regions, to develop a solution to replace the diesel engines of an AGC train with zero-emission batteries.

➤ Research and development

As a major actor of transport and mobility, Alstom invests continuously in research and development to increase the attractiveness and competitiveness of its offer for its customers and the passengers. Its net R&D/sales ratio has been sustained at ca. 3.5% over the last exercises. Alstom is recognised for the development of new-generation trains, components and cutting-edge signalling products and solutions, as well as for innovative services and systems activities. All the R&D efforts are focused to address the expectations of the customers and passengers as well as taking into account the environmental and sustainability impact

DEVELOPMENT OF THE RANGE

Rolling stock and Components

To address new markets and better fit with customer request on existing markets, most of the product lines of rolling stock have been improved during this year.

Green Traction

Building on the momentum created by Coradia iLint™, a zero-emission train featuring hydrogen fuel cells and energy storage system with an autonomy range of more than 800 km, Alstom extends its range of energy autonomous trains to battery powered trains (B-EMU). Both solutions are adapted to new built trains and to the modernization of existing fleet. To support this extension to various rolling stocks, Green Traction program has been put in place to define and develop standard components and tools that will serve all projects.

Development of the Avelia™ range

The development of Avelia™ range continues. The first trainset of Avelia Horizon™ ordered by SNCF is under construction and will be under test in 2022. Entering in revenue service in 2024, the very high-speed train of the future will offer a capacity of up to 750 seats and its total cost of ownership will be optimised with a strong reduction in energy consumption as well as greatly reduced maintenance costs compared to current trains.

Locomotives

The development continued of the TRAXX MS3 locomotive, a major new platform for seamless deployment across jurisdictions in Europe. The refresh of the legacy DC platform was completed while intensive development continued of a battery solution for replacement of diesel locomotives for last-mile applications. At the same time work progressed on retrofits for the existing fleet to comply with the new standards for European train control, and we began extending TRAXX MS3 coverage to France and Benelux.

Regional Trains

Coradia Stream™ family has been extended with a mixed architecture between single deck and double deck cars. It offers new solutions to address high capacity needs while keeping a versatile layout and good access for people with reduced mobility.

of its offers. Alstom aims at proposing attractive solutions with high capacity and an optimised lifecycle cost to its customers. Alstom is also committed to contribute to the environmental performance of rail systems by reducing railway system energy consumption (motor efficiency, weight reduction, eco-driving...) and more generally the footprint of its solutions during the whole product lifecycle from manufacturing to the end of exploitation and recycling. The main R&D programmes of Alstom are presented hereafter.

Infrastructure

Extension of reversible sub-stations range Hesop™

Hesop™ reversible sub-stations enable energy supply optimisation of the railway system and energy consumption reduction. Beyond the existing product 750 V/2 MW already in service, the range has been extended to 1,500 V; 4 MW and 60 Hz, to cover customer needs all over the world.

SRS™ for Tram & Bus – ground based, automatic & interoperable charging solution by contact

SRS™ Solution is a ground-based charging solution by contact derived from Alstom's APS proven solution. Main benefits are to be autonomous, interoperable and compact for an easy integration into city or depot environment. Tram version is in operation in Nice. First fast city charging solution has been implemented in Spain in Malaga & operated with two different buses & battery types. Automatic depot charging solution range is under final development phase.

Electrical Road – APS for Road Vehicles (ground based dynamic charging)

APS for Road is a solution derived from Alstom's proven APS for tram solution. Proof of concept and integration test has been successfully completed with a Volvo Truck. Side components development granted a good adherence and compatibility of the feeding track with motorcycles and in winter conditions. Test track project are under preparation to further test & integrate the full solution in different type of vehicle.

Turnkey

Autonomous Tramway in depot and autonomous shuttle

Having done with RATP a first demonstration of autonomous driving of a tramway in a depot, Alstom is currently pursuing the project with the development of the solution including new functionalities and strengthened features.

Alstom is also developing intelligent connected infrastructures and safety process, in order to allow efficient and unattended shuttles operation with is Easymile Partner.

Signalling

Alstom pursues its signalling developments around three pillars: digitalization, from hardware to software; automation for more fluidity; cyber-security for a safe and secure mobility.

Our R&D programs address a wide range of needs:

- mainline with ERTMS train control solutions ATLAS™ and INTERFLO™, and interlocking Smartlock™ and EBI Lock™;
- urban CBTC solutions for metros and tramways: Fluence™, Urbalis™, Cityflo™;
- operational Control Centers ICONIS™ and EBI Screen™, maximizing traffic fluidity and orchestrating operations from distance;
- operational and maintenance services HealthHub™ Signalling and EBI Sense™, capturing maintenance data and elaborating diagnostics and prognostics for the operators.

The development of world-class cutting-edge core frameworks, transversal to the whole portfolio, enables Alstom to maximize synergies and technicality: powerful multicore on-board and wayside computers and networks and telecommunication systems compatible of latest standards to ease solutions roll-outs.

Developments are well served by an engineering organization capable to maximize our R&D investments and assets throughout Alstom technological centers.

Smart Mobility

Data-driven rail mobility

Facing mobility evolutions, transport operators are more and more looking for digital solutions to improve their financial and operational performance. Aware of this trend, Alstom has enriched its portfolio with more advanced decision support solutions, based on data or video analytics, advanced signaling simulators and artificial intelligence.

In compliance with the new Alstom In Motion plan, a new strategy and offering have been defined about data monetization in the field of mobility analytics for maintenance, operations, energy and city flow.

AUTONOMOUS MOBILITY

In order for rail to be the most attractive option, trains need to provide the highest levels of quality, reliability and efficiency. This is where autonomous train operation comes into play. Digitalizing certain train operations, compiling data and employing the advanced processing capacities of artificial intelligence can ensure a shift towards sustainable rail transportation by making journeys faster, more comfortable and more punctual.

With a strong expertise in integrated transport system, proven records in connected and intelligent infrastructure position and more than 70 driverless references, Alstom is well positioned to answer to tomorrow's autonomous mobility challenges.

Alstom is working on several technologies on Autonomous mobility around three pillars:

- **Railway:** gradually and tailored approach from a driver assistance system, autonomous preparation of train and until a complex solution for environment perception 1 km ahead of train;
- **Urban mobility:** to assist the driver and increasing safety in tramway and metro operation with technologies on obstacle analysis and a solution for avoiding collision;
- **Road and Support mobility:** propose some solutions with highest level of safety from infrastructure to vehicle (traffic light, road crossing analysis, blind spot) as enabler of the road market.

On Autonomous Freight, Alstom had a successful GoA2 (Grade of Automation 2) test with SNCF under real mainline operating conditions. Alstom has also successfully performed ATO over ETCS L2, GoA2 tests with a heavy freight train. To be running from 2021, Alstom is also developing automation technologies without infrastructure support.

On Autonomous Passengers Train, Alstom was rewarded with an Innovation prize by German Federal Ministry of Economics related to a planned test project to implement Automatic Train Operation (ATO) in daily passenger operation of regional trains and is working closely with SNCF on GoA2 test.

On unattended shuttles operation, Alstom is working with its Easymile partner on developing intelligent connected infrastructures and safety process.

Another step towards full autonomy is the integration of advanced assistant systems: on this topic, Alstom is working on a red-light detection system and had a successful test with ÖBB. Alstom is also working on vehicle detections system for yards applications, enabling a vehicle to be guided by its environment sensing system only.

INNOVATION

Alstom is already a pioneer in mobility with leading innovations such as the recent hydrogen train, autonomous train operation, energy efficient rolling stock and infrastructure. Bringing together c.17,500 engineering and R&D talents from both groups, consolidating a rich legacy of 9,500 patents and incorporating significant additional technologies from Bombardier Transportation, for example in predictive maintenance, signalling and digital operations, the Group will be able to develop solutions at a faster pace and on a larger scale to make mobility of tomorrow a reality. Alstom is accelerating towards its ambition: be the global innovative player for a sustainable and smart mobility.

Innovation strategy

The second pillar of the Alstom in Motion strategy is "Innovation in smarter and greener mobility solutions". Green and smart mobility, encouraged by customers' and passengers' expectations, is leading to a transformation of the market. Already recognized as an industrial reference in this domain, with for example the first hydrogen train and products like Hesop™ which recovers the energy generated by trains in braking mode, Alstom has set six priority areas to confirm its leadership:

- green traction and energy performance;
- road electromobility;
- eco-design and manufacturing;
- autonomous train;
- data driven rail mobility for more connected products and services;
- multimodality and Flow management.

Innovation governance

The innovation governance is fully integrated within a wider process, starting from detection of market needs and innovation up to project delivery.

A worldwide network of innovation champions is in place on Alstom sites in order to deploy locally the innovation process and strategy and boost the idea creation, both internally and through external ecosystems.

Open innovation

Alstom can already rely on a strong innovation network for instance in France, Belgium, Spain, Italy, India, the USA. With the acquisition of Bombardier Transportation, new experts are joining our innovation ecosystem from countries such as Germany, Sweden, the United-Kingdom, Thailand, Canada, bringing in even more diversity.

This emphasizes on the critical role of the Intellectual Property Rights team who is not only managing patents and trademarks but is also negotiating framework and consortium agreements. This solid organization has dealt with nearly 30 European projects in the H2020 program including Shift2Rail and is actively preparing Alstom contribution as a founding member to the new Europe's Rail Joint Undertaking.

Building strong relationships with Universities is of course a way to get access to state-of-the-art research but also attract new talents in the railways industry. With this in mind, Alstom funded two Academic Chairs in Belgium, one with the Université Catholique de Louvain on embedded critical systems and the other one with the University of Mons on energy electronics to strengthen the long-term relationships with both the researchers and the students.

Because innovation is not only about technology, Alstom decided to partner with HEC Paris in order to apply the Odyssey 3.14 methodology to challenge existing business models with new value propositions and architecture. The idea is to identify specific areas that could benefit from more inclusive solutions by reducing the investments needed or the total cost of ownership of our products. Several offers are being analyzed and may shift to a "as a Service" model, leasing or improved end of life residual value.

In order to consolidate both the vision from our internal and external network of partners a digital platform dedicated to innovation was launched. It allows our worldwide network of innovation champions to share and contribute to new ideas, build a database of projects and access the list of strategic partners. This platform was also instrumental in the "Covid-19" challenge that was organized to quickly gather inputs from all over the group to find innovative solutions to face the crisis induced by the pandemic. In just three weeks, more than 300 ideas were collected, selected and today six projects are being incubated.

Innovation contest: "I Nove You™"

"I Nove You™" is a yearly company-wide program designed to unleash the innovative power of all Alstom's people. In 2020, 64 Alstom sites in 27 different countries participated achieving a new record. This year, due to the Covid-19 pandemic, the ceremony was turned into a pure digital event with an even greater success allowing employees from everywhere to connect "live".




Open to all employees across all business lines and sites, the competition rewards creativity in every shape and form, spanning products, systems, processes, sustainable development, market success and even open innovation.


Over the years, "I Nove You™" has given rise to the creation of several innovative solutions, enhancing Alstom expertise and customer service. This decade has seen the birth of innovations such as Coradia iLint™, the world's first hydrogen train, StationOne™, the online platform for spare parts, as well as HealthHub™, Alstom's digital maintenance suite, or Hesop™, a reversible substation that can reinject up to 99% of braking energy into the network.



2

MANAGEMENT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021

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➤ Main events of year ended 31 March 2021

THE ACQUISITION OF BOMBARDIER TRANSPORTATION

Status

On 1 December 2020, Alstom and Bombardier announced that all necessary regulatory approvals required to complete the sale of Bombardier Transportation to Alstom had been received.

On 29 January 2021, Alstom announced the completion of the acquisition of Bombardier Transportation. Leveraging on its clear Alstom in Motion strategy and its strong operational fundamentals and financial trajectory, Alstom, integrating Bombardier Transportation, will strengthen its leadership in the growing sustainable mobility market by reaching a critical size in all geographies and integrating further solutions and assets to better serve its customers worldwide.

The enlarged Group has a combined proforma revenue for the 12 months period April 2020 to March 2021 of around €14.0 billion. Combined 12 months proforma net result amounts to €(0.8) billion, resulting mainly from Bombardier Transportation's pre-integration recognition of negative impacts from revised estimates on projects. The enlarged Group has a backlog of €74.5 billion. It employs 71,700 people worldwide in 70 countries, has unparalleled R&D capabilities and a complete portfolio of products and solutions.

Price and financing

The reference price was established at €5.5 billion, at the bottom of the range of €5.5 billion to €5.9 billion communicated on 16 September 2020. The proceeds for the acquisition were established at €4.4 billion, which include the impact of the minimum cash adjustment mechanism based on a negative net cash position of Bombardier Transportation as of 31 December 2020 and other further contractual adjustments for an amount of €1.1 billion.

Alstom also proceeded, on 29 January 2021, to the reimbursement of the €0.75 billion Equity injections performed by CDPQ (Caisse de Dépôt et Placement du Québec) and Bombardier Inc. between February 2020 and January 2021.

The financing structure of the purchase price was as follows:

As determined in the Sale and Purchase Agreement (SPA), a significant part of the purchase price, for a global amount of €3.1 billion, was paid in Equity through reserved share capital increases by way of set-off subscribed by:

- CDPQ's affiliate, CDP Investissements Inc., with two capital increases, one of €1.9 billion with 47,469,213 new ordinary shares issued and one of €0.7 billion with 17,210,934 new ordinary shares issued;
- Bombardier UK for an amount of €500 million with 11,504,149 new ordinary shares issued.

The remaining part of the purchase price for an amount of €2.0 billion was paid in cash. It was financed thanks to the rights issue for an amount of around €2.0 billion completed on 7 December 2020 with 68,078,055 new ordinary shares issued.

The contractual purchase price was calculated in euros. A portion of it was paid to Bombardier UK in US dollars at an agreed exchange rate EUR/USD of *circa* 1/1.17, this payment in US dollars having been hedged by Alstom. The effective portion of the hedging has been recorded in goodwill for €(64) million, the ineffective part in the financial result for €(19) million (see Note 7).

Next steps

Alstom will pursue and finalize sales of certain assets of the combined Group in line with the commitments described in the European Commission's press release on 31 July 2020 and classified as Assets Held for Sale (see Note 9):

- a transfer of Bombardier Transportation's contribution to the V300 ZEFIRO very high-speed train and an offer of IP licence to Hitachi for the train co-developed by Hitachi and Bombardier Transportation for use in future very high-speed tenders in the UK;
- the divestment of the Alstom Coradia™ Polyvalent and the Reichshoffen production site in France;
- the divestment of the Bombardier TALENT 3 platform and dedicated production facilities located within the Hennigsdorf site in Germany.

The commitments concerning Bombardier Transportation's Signalling On-Board Units and Train Control Management Systems (TCMS) have already been started to be implemented.

The divestitures will comply with all applicable social processes and consultations with employee representatives' bodies.

SHAREHOLDERSHIP AND STOCK MARKET INDEX

The Steering Committee of the Euronext Indices has decided to include Alstom in the list of the 40 stocks making up the French CAC 40 index. This inclusion is effective since Monday 21 September 2020.

CDQP is now the main shareholder with 17.48% of Alstom's share capital. At 31 March 2021, Bouygues holds 3.12% of the capital of the Group with successful placements in November 2020 and March 2021.

KEY FIGURES FOR ALSTOM IN THE FISCAL YEAR 2020/21

Group's key performance indicators for the fiscal year 2020/21:

(in € million)	Year ended 31 March 2021	Thereof impact of BT acquisition	Year ended 31 March 2020	% variation March 2021/March 2020	
				Actual	Organic
Orders received ⁽¹⁾	9,100	664	9,900	-8%	-14%
Orders backlog	74,537	31,996	40,903	82%	2%
Sales	8,785	1,125	8,201	7%	-4%
aEBIT ⁽¹⁾	645	31	630	2%	
aEBIT % ⁽¹⁾	7.3%	2.7%	7.7%		
EBIT	300	(48)	545		
Adjusted net profit ^{(1) (2)}	301	(9)	457		
Net profit – Group share ⁽³⁾	247	(60)	467		
Free Cash Flow ⁽¹⁾	(703)	(751)	206		
Capital employed ⁽¹⁾	11,229		2,424		
Net cash/(debt) ⁽¹⁾	(899)		1,178		
Equity	9,117		3,328		

(1) Non-GAAP. See page 39.

(2) Based on net profit from continuing operations, excluding amortisation expenses of the purchase price allocation of Bombardier Transportation, net of corresponding tax.

(3) Including net profit from discontinued operations and excluding non-controlling interests.

COVID-19 PANDEMIC

The Alstom Group does business in numerous countries that have significantly been affected by the Covid-19 pandemic. As a result, the Group's operations have been impacted by lockdowns and the disturbance resulting from government measures to address the Covid-19 pandemic. Such measures affected our supply chain and overall production chains, impacting the timing of several projects. The Sanitary Crisis also impacted tendering momentum in the first quarters of 2020, with a shift in commercial activity.

In this context, after implementing the necessary health and safety measures to protect all of its employees and stakeholders, the Group made every effort to ensure the agile and responsible execution of its activities in each of the countries where it operates by swiftly adapting to changes linked to the public health crisis situation and complying with local government decisions. Our business activities showed good resilience, and, in the second semester, to the exception of a moderate impact on the service activity, operations were running at a pace in line with the pre-existing Covid-19 crisis conditions. Commercial performance was also very positive in the last quarter of the financial year, pointing to solid market momentum.

While the first initiative was to ensure the health and safety of its employees to ensure continuity of project execution, the Group implemented a company-wide cost saving program to significantly reduce costs. Alstom adapted the ways of working of its employees and limited non-essential travels and events. The Group also promoted salary moderation and kept a tight control over additional recruitments. The Company has re-assessed investment priorities to rationalise cash spend while ensuring that R&D investments remained at the level that was deemed required to deliver on the Alstom in Motion strategy roadmap. In the context of the Covid-19 crisis, and in a spirit of responsibility towards all its stakeholders, the Board of Directors, in its meeting of 11 May 2020, decided as an exceptional measure not to propose a dividend distribution at the next Shareholders' Meeting on 8 July 2020.

The Group was principally affected by the Covid-19 pandemic in the first quarter of its fiscal year 2020/21, with identified incremental costs incurred amounting up to €68 million and stemming both from inefficiencies and expenses dedicating specifically to Covid-19 crisis. Inefficiencies are costs induced by the inability of certain employees to come to the workplace in the wake of lockdowns and dedicated costs are mainly related to cleaning and purchase of protective equipment to protect our employees from the virus.

The impact of the Covid-19 pandemic on the Group's operations affects the whole income statement and balance sheet and not just individual line items.

Estimated profit (loss) on completion of contracts accounted for on a percentage of completion basis

Covid-19 related inefficiencies and dedicated costs are not included in the percentage of completion formula of the project and have not generated revenue. They have been recognized in the primary statement of the income statement under the caption Cost of sales.

Impairment of assets

Impairment tests have been performed on goodwill (see Note 11), tangible assets, intangible assets and deferred taxes (see Note 8) with no impairment risks identified as of end of March 2021. The events linked to Covid-19 led the Group to draw up business plan used for the impairment test performed in the frame of the preparation of the

Group's consolidated financial statements, based on its best reasonable estimates and the visibility available for its operations at 31 March 2021. Moreover, some sensitivity analysis were performed with regards to the key assumptions that would not lead to an impairment loss of goodwill as the recoverable amount still exceeds its carrying value.

Liquidity and balance sheet position

At 31 March 2021, the Group has a total liquidity of around €4,500 million, including cash and cash equivalent and undrawn available credit lines. The Group has enough liquidity to fund its operations going forward.

Government grants

Where applicable, grants for the various furlough and short time working schemes established by the country where the Group operates were recognized as a deduction from personnel costs.

Risk and uncertainties

The crisis did not reveal new risk factors for the Group.

ORGANIC GROWTH

The above-mentioned key figures are adjusted as follows for foreign exchange variation, resulting from the translation of the original currency to euro, as well as for change in consolidation scope.

The below table isolates the contribution of entities acquired during the current year and shows how the prior year actual figures are converted into a like-for-like set of numbers for comparison purposes:

<i>(in € million)</i>	Year ended 31 March 2021			Year ended 31 March 2020			March 2021/March 2020	
	Actual figures	Thereof impact of acquisitions	Comparable figures	Actual figures	Exchange rate	Comparable figures	% variation actual	% variation organic
Orders backlog	74,537	31,996	42,541	40,903	791	41,694	82%	2%
Orders received	9,100	664	8,436	9,900	(71)	9,829	-8%	-14%
Sales	8,785	1,125	7,660	8,201	(192)	8,009	7%	-4%

The actual figures for the fiscal year 2019/20 (orders backlog, orders received and sales) are restated to reflect March 2021 exchange rates.

- Orders backlog were impacted by the appreciation of the South African rand (ZAR), the Australian dollar (AUD) and the Canadian dollar (CAD) against the euro (EUR), and by the depreciation of the Indian rupee (INR), and the US dollar (USD) against the euro (EUR).

- Orders received were marginally impacted by foreign exchange variations, and mostly driven by the depreciation of the Chilean peso (CLP) and the British pound (GBP) against the euro (EUR).
- Sales were adversely impacted mainly by the depreciation of the US dollar (USD), the UAE dirham (AED) and the Indian rupee (INR) against the euro (EUR).

ACQUISITIONS AND PARTNERSHIPS

SpeedInnov

Through its affiliate SpeedInnov, a joint-venture created in 2015 with ADEME, Alstom focused on its "Very high-speed train of the future" project, aiming to promote a new generation of very high-speed trains which will reduce acquisition and operating costs by at least 20% (compared to the previous train generation), optimise the environmental footprint and broaden commercial offer to improve passenger experience. In this context, Alstom subscribed to a capital increase in this joint-venture in an amount of €27 million in June 2020, increasing its stake from 71.0% to 74.0% with no change in the consolidation method (joint control).

IBRE acquisition

On 30 June 2020, Alstom acquired the totality of IBRE (International Braking & Railway Equipment) shares, a company based in France and renamed "Alstom IBRE". This company is specialized in the development, the manufacturing and the supply of railway brake discs. Their reliable high-quality products are recognized by the most important European railway administrations. The entity is fully consolidated in the Group's accounts.

Preliminary goodwill amounts to €8 million. The purchase price allocation is not fully completed and will be finalized within twelve months after the acquisition date. The sales of the period are not material.

B&C Transit Inc. acquisition

On 1 March 2021, Alstom acquired the totality of B&C Transit's shares. This transit engineering design and construction firm is specialised in the passenger rail sector and operates in the United States and Canada.

Preliminary Goodwill amounts to €27 million. The purchase price allocation is not fully completed and will be finalized within twelve months after the acquisition date. The sales of the period are not material.

RSB BV acquisition

On 31 March 2021, Alstom acquired the totality of RSB BV's shares. This Rotterdam-based company provides services in maintenance of rolling stock for freight and passenger transport in the Netherlands.

Preliminary Goodwill amounts to €8 million. The purchase price allocation is not fully completed and will be finalized within twelve months after the acquisition date. The company did not contribute to the sales of the period.

Commercial performance

Alstom's order intake amounted to €9.1 billion during the fiscal year 2020/21, of which €8.4 billion contributed by Alstom on a like-for-like stand-alone basis and €0.7 billion contributed from the Bombardier Transportation acquisition in the two-months period of February and March 2021. The Group's orders decreased year-over-year, mainly due to an adverse market environment impacted by Covid-19.

Geographic breakdown					% variation March 2021/ March 2020	
Actual figures (in € million)	Year ended 31 March 2021	% of contrib.	Year ended 31 March 2020	% of contrib.	Actual	Organic
Europe	6,027	66%	7,624	77%	-21%	-25%
Americas	1,050	11%	646	6%	63%	73%
Asia/Pacific	1,059	12%	1,569	16%	-33%	-53%
Africa/Middle East/Central Asia	964	11%	61	1%	1,480%	1,443%
ORDERS BY DESTINATION	9,100	100%	9,900	100%	-8%	-14%

Product breakdown					% variation March 2021/ March 2020	
Actual figures (in € million)	Year ended 31 March 2021	% of contrib.	Year ended 31 March 2020	% of contrib.	Actual	Organic
Rolling stock	4,484	49%	4,591	46%	-2%	-12%
Services	2,045	23%	3,315	34%	-38%	-41%
Systems	930	10%	265	3%	251%	244%
Signalling	1,641	18%	1,729	17%	-5%	-9%
ORDERS BY DESTINATION	9,100	100%	9,900	100%	-8%	-14%

In Europe, Alstom recorded €6.0 billion order intake during the fiscal year 2020/21, as compared to €7.6 billion over the same period last year, including a €0.3 billion contribution from Bombardier Transportation acquisition.

In Spain, Alstom won a significant contract to provide Renfe, the Spanish national railway operator, with 152 high-capacity trains for a total amount of more than €1.4 billion. The trains will come from Alstom's X'Trapolis™ range of suburban trains. The contract also includes the maintenance of 56 of the trains for a period of 15 years and the supply of parts for the fleet, as well as the initial stock of spare parts and their tooling.

In France, Alstom signed a large contract to design, build and maintain the transport system for Toulouse Metropole's third metro line, an order to supply 49 tramways for Nantes, and a Signalling contract of the ARGOS

partnership with SNCF to develop the new generation interlocking solution. In addition, Alstom witnessed a historic step towards sustainable mobility by winning the first order of hydrogen trains in France. The Group will supply the first 12 dual mode electric-hydrogen trains (plus two optional trainsets) in the Coradia™ Polyvalent range for Régiolis, to SNCF Voyageurs.

In Germany, Alstom was selected to supply 34 Coradia Stream™ High Capacity double-decker EMU trains for regional transport in Lower Saxony to Landesnahverkehrsgesellschaft Niedersachsen (LNVG). Further to the delivery of the trains, the contract with a total value of €0.8 billion also includes the maintenance of the vehicles for 30 years. In addition, the Cologne Public Transport Authority (Kölner Verkehrs-Betriebe AG, KVB) signed a contract with the manufacturer consortium Alstom and Kiepe Electric for the supply of 64 low-floor trams.

In Romania, the Group was awarded a contract to provide a total of up to 30 Metropolis trains for the Line 5 of Bucharest metro.

Last year's performance in Europe was driven by large orders including additional Coradia™ Polyvalent and Avelia™ Euroduplex trains in France, Pendolino™ high-speed trains including maintenance service and Coradia Stream™ POP regional trains in Italy, and Coradia™ iLint trains and associated maintenance in Germany.

In Americas, Alstom reported €1.1 billion order intake during the fiscal year 2020/21, as compared to €0.6 billion last year, mainly driven by the initial order from Metra, the commuter rail system in the Chicago metropolitan area serving the city of Chicago and surrounding suburbs, to supply 200 push-pull commuter rail cars. In addition, the Group continues to stabilise its footprint in Latin America for Services products, by securing the renewal of a full maintenance contract for 158 locomotives of Ferrosur fleet in Mexico.

In Asia/Pacific, the order intake totalled €1.1 billion, as compared to €1.6 billion over the same period in the last fiscal year. The acquisition of Bombardier Transportation contributed €0.3 billion while further strengthening the Group's footprint in India, with a €0.2 billion awarded contract to design, manufacture, supply, test and commission 234 metro cars, including personnel training for Mumbai Line 4 and the extension corridor. In addition, Alstom was awarded a major signalling and telecommunication systems contract for rapid rail line between Delhi and Meerut. The Group also secured the extension project of Taipei Metro Line 7 in Taiwan.

Last year's performance in Asia/Pacific was driven by the large contract to manufacture and maintain the next generation of C-series trains for Perth's rail network, and a contract to supply driverless trains and digital signalling system for Sydney Metro extension.

In Africa/Middle East/Central Asia, the Group reported €1.0 billion order intake, as compared to €0.1 billion over the same period of the last fiscal year, mainly thanks to the securing of rolling stock and maintenance follow-on orders of currently active projects.

Alstom received the following major orders during the fiscal year 2020/21:

Country	Product	Description
France	Rolling stock	Supply of 49 Citadis X05™ trains to Nantes Métropole
France	Signalling	Supply of a new generation interlocking solution for SNCF
France	Systems	Design, production and maintenance of the transport system for Toulouse Métropole's third metro line
France	Rolling stock	Supply of the first 12 dual mode electric-hydrogen trains (plus two optional trainsets) in the Coradia™ Polyvalent range for Régiolis to SNCF Voyageurs
Germany	Rolling stock / Services	Supply of 34 Coradia Stream™ High Capacity double-decker EMU trains to Landesnahverkehrsgesellschaft Niedersachsen (LNVG) and associated maintenance for 30 years
Germany	Rolling stock	Supply of 64 low-floor trams to the Cologne Public Transport Authority (Kölner Verkehrs-Betriebe AG, KVB) – in a consortium with Kiepe Electric
India	Rolling stock	Supply of 234 metro cars for Mumbai Metro Lines 4 and 4A
India	Signalling	Supply of signalling and telecommunication systems for rapid rail line between Delhi and Meerut
Romania	Rolling stock	Supply of a total of up to 30 new Metropolis trains for Bucharest Metro Line 5
Spain	Rolling stock / Services	Supply of 152 high-capacity X'Trapolis™ commuter trains for Spanish operator Renfe and the maintenance of 56 of the trains for 15 years
Taiwan	Systems	Supply of integrated metro system for Taipei Metro Line 7 extension
United States	Rolling stock	Supply of 200 push-pull commuter rail cars to Metra, the commuter rail system in the Chicago metropolitan area

Orders backlog

Order backlog represents sales not yet recognised from orders already received.

Order backlog at the end of a financial year is computed as follows:

- order backlog at the beginning of the year;
- plus new orders received during the year;
- less cancellations of orders recorded during the year;
- less sales recognised during the year.

The order backlog is also subject to changes in the scope of consolidation, contract price adjustments and foreign currency translation effects.

Order backlog corresponds to the transaction price allocated to the remaining performance obligations, as per IFRS 15 quantitative and qualitative disclosures requirement.

As of 31 March 2021, the orders backlog stood at €74.5 billion, providing the Group with strong visibility over future sales. This represents an increase of 82% on an actual basis, including the impact from the Bombardier Transportation acquisition, and a 2% increase on an organic basis as compared to 31 March 2020.

Geographic breakdown

Actual figures (in € million)	Year ended 31 March 2021	% of contrib.	Year ended 31 March 2020	% of contrib.
Europe	40,804	55%	21,321	52%
Americas	10,491	14%	5,539	14%
Asia/Pacific	11,209	15%	6,120	15%
Africa/Middle East/Central Asia	12,033	16%	7,923	19%
BACKLOG BY DESTINATION	74,537	100%	40,903	100%

Product breakdown

Actual figures (in € million)	Year ended 31 March 2021	% of contrib.	Year ended 31 March 2020	% of contrib.
Rolling stock	39,052	53%	20,677	51%
Services	24,737	33%	13,794	33%
Systems	4,692	6%	2,288	6%
Signalling	6,056	8%	4,144	10%
BACKLOG BY DESTINATION	74,537	100%	40,903	100%

Income statement

SALES

Alstom's sales amounted to €8.8 billion for the fiscal year 2020/21, increasing by 7% on an actual basis, including the impact of Bombardier Transportation acquisition. On a like-for-like basis, at constant scope and before the integration of Bombardier Transportation, Alstom stand-alone sales stood at €7.7 billion, down 4% organically compared to the same period of last year.

Geographic breakdown	Actual figures (in € million)	Year ended 31 March 2021	% of contrib.	Year ended 31 March 2020	% of contrib.	% variation March 2021/ March 2020	
						Actual	Organic
Europe		5,316	61%	4,675	56%	14%	-2%
Americas		1,351	15%	1,280	16%	6%	-2%
Asia/Pacific		1,093	12%	889	11%	23%	9%
Africa/Middle East/Central Asia		1,025	12%	1,357	17%	-24%	-25%
SALES BY DESTINATION		8,785	100%	8,201	100%	7%	-4%

Product breakdown					% variation March 2021/ March 2020		
	Actual figures (in € million)	Year ended 31 March 2021	% of contrib.	Year ended 31 March 2020	% of contrib.	Actual	Organic
Rolling stock		4,530	51%	3,942	48%	15%	-1%
Services		1,745	20%	1,469	18%	19%	2%
Systems		947	11%	1,301	16%	-27%	-32%
Signalling		1,563	18%	1,489	18%	5%	3%
SALES BY DESTINATION		8,785	100%	8,201	100%	7%	-4%

In Europe, sales reached €5.3 billion, accounting for 61% of the Group's total sales and representing an increase of 14% on an actual basis (down 2% on an organic basis). The main driver has been the continued execution of large rolling stock contracts, including the Coradia Stream™ trains in Italy and the Netherlands, the Coradia™ Polyvalent regional trains and the Avelia Euroduplex high-speed trains in France, the double deck M7-type multifunctional coaches in Belgium as well as the Coradia™ Lint™ trains in Germany. In addition, Alstom carried on with the maintenance of Pendolino™ in the United Kingdom, which generated further sales. The performance of the year includes a €0.7 billion contribution from Bombardier Transportation acquisition, mainly from Rolling Stock contracts in France, Germany and United Kingdom.

In Americas, sales stood at €1.4 billion for the fiscal year 2020/21, accounting for 15% of the Group's sales. The projects of Amtrak high-speed trains in the United States and the light metro system for REM in Canada remain the top sales contributors within the region.

In Latin America, sales were driven by the delivery of Guadalajara Line 3 metro system in Mexico, with an expected impact compared to last fiscal year from Panama L1/L2 systems contracts which reached completion.

Contribution from Bombardier Transportation acquisition amounts to a €0.2 billion, notably from Rolling stock contracts in Canada and Systems contracts in the United States.

In Asia/Pacific, sales amounted to €1.1 billion, accounting for 12% of the Group's sales. These sales were driven by the ramp-up of the production of electric locomotives in India, the continued execution of subway contract in Singapore, and further sustained by the production ramp-up for Hanoi metro Line 3 system in Vietnam. The performance of the year includes a €0.2 billion contribution from Bombardier Transportation acquisition, mainly from Systems contracts in Australia, Singapore and Thailand.

In Africa/Middle East/Central Asia, sales stood at €1.0 billion, contributing 12% to the Group's total sales, down €0.3 billion on an organic basis compared to last year. The Systems contract for the Dubai metro in the United Arab Emirates reached completion during the third quarter of the fiscal year and the Coradia™ Polyvalent trains project for Senegal reached completion at the end of last fiscal year, while the systems contract for the Riyadh metro in Saudi Arabia reached the final completion stage, generating an expected decrease in sales of the region comparing to last fiscal year. The ramp-up on the rolling stock contracts of the Prima™ freight locos for Kazakhstan and Morocco partly offsets this decline.

RESEARCH & DEVELOPMENT

During the fiscal year 2020/21, research and development gross costs amounted to €443 million, i.e. 5.0% of sales, reflecting the Group's continuous investments in innovation to develop smarter and greener mobility solutions, supporting Alstom In Motion strategy.

(in € million)	Year ended 31 March 2021	Year ended 31 March 2020
R&D Gross costs	(443)	(442)
R&D Gross costs (in % of sales)	5.0%	5.4%
Funding received	91	117
Net R&D spending	(352)	(325)
Development costs capitalised during the period	106	79
Amortisation expenses (*)	(72)	(56)
R&D EXPENSES (IN P&L)	(318)	(302)
R&D expenses (in % of sales)	3.6%	3.7%

(*) Including €(9) million of amortisation expenses of the purchase price allocation of Bombardier Transportation.

Alstom continued its research and development effort on the very high-speed trains **Avelia Horizon™** range, which is funded by the SpeedInnov joint-venture, marked by the first delivery for test on tracks on Amtrak project in the United States, while the French market version is under development.

In application of the Alstom In Motion strategy, the Group further invested in green solutions to offer zero carbon emission alternatives to diesel. The portfolio has been enlarged by BEMU battery powered trains solution in Germany, along with hydrogen fuel cell trains **Coradia iLint™**.

The Group also invested in **HealthHub™**, an innovative condition-monitoring solution used for trains, infrastructure and signalling assets. This solution builds upon advanced data analytics to predict assets remaining useful life. It is now positioned as a backbone for Rolling Stock and Infrastructures maintenance solutions.

With regards to Rolling Stock solutions, other notable programs include the:

- **TRAXX** Multi-system 3 locomotives, which development started in 2018 to cover the European market. It has a high versatility to be able to run in different corridors and potentially to be upgraded up to 200 km/hr;

OPERATIONAL PERFORMANCE

In the fiscal year 2020/21, Alstom's adjusted EBIT reached €645 million after integration of Bombardier Transportation, equivalent to a 7.3% operational margin, as compared to €630 million or 7.7% during same period of last year. On a like-for-like basis, at constant consolidation scope, Alstom stand-alone contribution was €14 million, representing 8.0% operational margin. In the two-month period from February to March 2021, Bombardier Transportation contributed €31 million, equivalent to a 2.7% operational margin.

The adjusted EBIT was impacted by the Covid-19 related production slowdown, mostly in the first half of year, overall resuming its pace in the second half, while ensuring control over cost of sales across all product lines. Cost of sales at Alstom are primarily, but not only, made up of raw material procurement, applicative and system engineering,

FROM ADJUSTED EBIT TO ADJUSTED NET PROFIT

During the fiscal year 2020/21, Alstom recorded restructuring and rationalization charges of €(14) million mainly linked to initiatives in France, Spain and in the United States.

Amortisation of assets exclusively valued when determining the purchase price allocation ("PPA") in the context of business combination amounted to €(84) million before tax, including €(71) million related to Bombardier Transportation and €(13) million related to other former business combinations and integration costs such as GE Signalling, EKZ and Nomad. Comparable PPA related to GE Signalling, EKZ and Nomad amounted to €(14) million at the end of last year.

Total Impairment loss and other non-operating items amounted to €(129) million, including mainly €(117) million of incremental costs related to Bombardier Transportation transaction (see Note 1.1), €47 million related to reversal of impairment (see Note 9); €(36) million related to E-Bus impairment of assets; €(21) million one-off exceptional impact from contract early termination decided by Alstom and €8 million related to some legal proceedings (see Note 33) and other risks, arisen outside the ordinary course of business.

- **FLEXX** Compact Bogie fifth generation, which will be active in the Regional and Mainline segments up to 250 km/hr (e.g. mounted in ZEFIRO Express and AVENTRA).

For the signalling product line, the Group has continued the development of its ERTMS level 2 on-board solution, to equip the entire Norwegian railway fleet with **ATLAS™** on-board train control solution, as well as its CBTC solutions, **Urbalis Fluence™** and **Urbalis™ 400** for metros and tramways, with the launch of Fluence Baseline 2 now addressing a worldwide market.

In addition, Alstom carried on investing into the **ICONIS™** suite for Operation Control Centers, allowing to maximize traffic fluidity and remotely orchestrate operations. Further developments have been achieved with the cybersecurity framework of Alstom solutions through a partnership with Airbus signed in 2017, including a new generation of interlocking solution deployed for the ARGOS partnership with SNCF signed in September 2020.

manufacturing and supply chain labour costs, as well as subcontracted services.

Selling and Administrative costs as a percentage of sales remained overall stable at Group level at 7.2%, confirming the Group's response to the sanitary crisis and its consequences on sales pace.

Over the period, the contribution resulting from the inclusion of the share in net income of the equity-accounted investments whose activity are considered as part of the operating activities of the Group amounted to €50 million, increasing from the €38 million reported last year. The contribution from CASCO Signal Limited joint-ventures amounted to €44 million, whereas Bombardier Transportation joint-ventures contributed €6 million.

Non-recurring costs during the period include notably the Covid-19 incremental costs and related inefficiencies (€68 million).

Taking into consideration restructuring, PPA, impairment loss, other non-operating items and Covid-19, Alstom EBIT stood at €300 million after the integration of Bombardier Transportation. This compares to €545 million during the same period last year, with the Covid-19 crisis slowing down most activities across the world.

Net financial expenses of the period amounted to €(68) million, as compared to €(76) million in the previous year. This is mainly due to a reduction of financing expenses incurred at the holding level following the repayment of bonds that matured during the previous fiscal year, despite additional bank fees paid as a result of measures taken to bolster the Group liquidity in the context of Bombardier Transportation acquisition and the Covid-19 pandemic.

The Group recorded an income tax charge of €(63) million in the fiscal year 2020/21 corresponding to an effective tax rate of 27%, compared to €(118) million for the same period last year and an effective tax rate of 25%.

The share in net income from equity investments amounted to €83 million, with the improved performance of CASCO Signal Limited covering partially the reduced contribution from Transmashholding Limited (TMH) and SpeedInnov Joint Venture. The contribution of Bombardier Transportation Joint Ventures amounted to €6 million.

The Group's net profit from continued operations stood at €252 million, compared to €453 million for the comparable period last year.

Net profit attributable to non-controlling interest totalled €12 million, compared to €7 million last year.

Adjusted net profit, representing Group share of net profit from continued operations excluding €(61) million PPA (€(84) million net of the corresponding tax effect at effective tax rate of 27%), amounts to €301 million for this fiscal year.

FROM ADJUSTED NET PROFIT TO NET PROFIT

Group's share of net profit from continued operations attributable to equity holders of the parent, including net effect from PPA, stood at €240 million, compared to €446 last year.

The net profit from discontinued operations stood at €7 million, compared to €21 million last year.

As a result, the net profit (Group share) stood at €247 million for the fiscal year 2020/21 compared to €467 million for the same period last fiscal year.

Free cash-flow

<i>(in € million)</i>	Year ended 31 March 2021	Year ended 31 March 2020
EBIT	300	545
Depreciation and amortisation (*)	391	293
Restructuring variation	(16)	(12)
Capital expenditure	(158)	(195)
R&D capitalisation	(106)	(79)
Change in working capital	(1,001)	(249)
Financial cash-out	(79)	(95)
Tax cash-out	(94)	(102)
Other	60	100
FREE CASH FLOW	(703)	206

(*) Including PPA related to Bombardier Transportation acquisition for €71 million.

The Group's Free Cash Flow stands at €(703) million for the fiscal year 2020/21 as compared to €206 million for the fiscal year 2019/2020. On a like-for-like basis, at constant consolidation scope from fiscal year 2019/20, Alstom's Free Cash Flow amounted to €48 million.

The Group cash generation was notably impacted by an unfavourable €(1,001) million change in working capital compared to €(249) million for last fiscal year, mainly attributable to Bombardier Transportation Working Capital change resulting mainly from working capital phasing, partial unwinding of working capital financing and suppliers repayment. Alstom's working capital change results mainly from ramp of rolling Stock projects and a softer commercial activity in the first half affecting mechanically down payment levels.

Depreciation and amortisation amounted to €391 million, compared to €293 million last year. This €98 million increase is mainly attributable to the Bombardier Transportation integration, adding €90 million (thereof

€71 million PPA) as well as €36 million related to E-bus impairment of assets and partly offset by €(47) million related to reversal of impairment (see Note 9). Right-of-use assets amortisation amounted to €99 million compared to €92 million for last fiscal year.

Financial cash-out has decreased by €16 million mainly due to last year's repayment of senior bonds.

Alstom Group spent €158 million in capital expenditures notably on capacity development for E-LoCo™ project in India. Other investments included production capabilities build-up for projects such as Mumbai Line 3 and Sydney project in India, SMC0 in Poland, Rielsfera train maintenance in Spain and depot upgrades in UK. Capital expenditures has been reduced considering the Covid-19 crisis.

"Other" Free Cash Flow items as listed above reached €60 million this year and included mainly dividends from Casco Signal Limited and Transmashholding (TMH) joint-ventures.

➤ Net cash/(debt)

At 31 March 2021, the Group recorded a net debt position of €(899) million, compared to the €1,178 million net cash balance reported on 31 March 2020. This €(2,077) million decrease is mainly driven by the consolidation of Bombardier Transportation and Free Cash Flow consumption.

In addition to its available level of cash, amounting to €1,250 million as of 31 March 2021, the Group can access a €1,500 million Revolving Credit Facility (RCF), maturing in October 2025 with two one-year extension

options at the lenders' discretion, together with a €1,750 million short term RCF maturing in August 2022 with two six-month extension options at the borrower's discretion. They are fully undrawn at 31 March 2021.

This resulted in a liquidity position as of 31 March 2021 of €4,500 million.

➤ Equity

The Group Equity on 31 March 2021 amounted to €9,117 million (including non-controlling interests), from €3,328 million on 31 March 2020, mostly impacted by:

- capital increase of €5,396 million resulting from Bombardier Transportation acquisition;

- net profit from the fiscal year 2020/21 of €247 million (Group share).

➤ Subsequent events

On 4 May 2021, it has been announced to employee representatives the intention to cease the design, marketing and production of Aptis™ buses. Aptis™ is an extremely innovative bus which faced competitive challenges on the highly competitive electric bus market.

➤ Non-GAAP financial indicators definitions

This section presents non audited financial indicators used by the Group that are not defined by accounting standard setters.

ORDERS RECEIVED

A new order is recognised as an order received only when the contract creates enforceable obligations between the Group and its customer.

When this condition is met, the order is recognised at the contract value.

If the contract is denominated in a currency other than the functional currency of the reporting unit, the Group requires the immediate elimination of currency exposure using forward currency sales. Orders are then measured using the spot rate at inception of hedging instruments.

BOOK-TO-BILL RATIO

The book-to-bill ratio is the ratio of orders received to the amount of sales traded for a specific period.

ADJUSTED EBIT

Adjusted EBIT (“aEBIT”) is the Key Performance Indicator to present the level of recurring operational performance. This indicator is also aligned with market practice and comparable to direct competitors.

Starting September 2019, Alstom has opted for the inclusion of the share in net income of the equity-accounted investments into the aEBIT when these are considered to be part of the operating activities of the Group (because there are significant operational flows and/or common project execution with these entities). This mainly includes Chinese joint-ventures, namely CASCO joint-venture for Alstom as well as, following the integration of Bombardier Transportation, Bombardier Sifang (Qingdao) Transportation Ltd, Bombardier NUG Propulsion System Co. Ltd and Changchun Bombardier Railway Vehicles Company Ltd.

aEBIT corresponds to Earning Before Interests and Tax adjusted for the following elements:

- net restructuring expenses (including rationalisation costs);

- tangibles and intangibles impairment;
- capital gains or loss/revaluation on investments disposals or controls changes of an entity;
- any other non-recurring items, such as some costs incurred to realize business combinations and amortisation of an asset exclusively valued in the context of business combination, as well as litigation costs that have arisen outside the ordinary course of business;
- and including the share in net income of the operational equity-accounted investments.

A non-recurring item is a “one-off” exceptional item that is not supposed to occur again in following years and that is significant.

Adjusted EBIT margin corresponds to Adjusted EBIT expressed as a percentage of sales.

The non-GAAP measure adjusted EBIT (aEBIT hereafter) indicator reconciles with the GAAP measure EBIT as follows:

<i>(in € million)</i>	Year ended 31 March 2021	Year ended 31 March 2020
Adjusted Earnings Before Interest and Taxes (aEBIT)	645	630
<i>aEBIT (in % of sales)</i>	7.3%	7.7%
Restructuring and rationalisation costs	(14)	(18)
PPA amortisation (*)	(84)	(14)
Impairment loss and other	(129)	9
Covid-19 inefficiencies and incremental costs	(68)	(24)
Reversal of net interest in equity investees pick-up	(50)	(38)
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	300	545

(*) Including PPA related to the acquisition of Bombardier Transportation.

ADJUSTED NET PROFIT

Following the Bombardier Transportation acquisition and with effect from these fiscal year 2020/21 consolidated financial statements, Alstom decided to introduce the “adjusted net profit” indicator aimed at restating its net profit from continued operations (Group share) to

exclude the impact of amortisation of assets exclusively valued when determining the purchase price allocations (“PPA”) in the context of business combination, net of the corresponding tax effect. This indicator is also aligned with market practice.

This non-GAAP measure adjusted net profit indicator reconciles with the GAAP measure Net profit from continued operations attributable to equity holders (net profit – Group share) as follows:

	Year ended 31 March 2021
Adjusted net profit	301
Amortisation of assets valued when determining the purchase price allocation	(61)
NET PROFIT FROM CONTINUED OPERATIONS ATTRIBUTABLE TO EQUITY HOLDERS	240

FREE CASH FLOW

Free Cash Flow is defined as net cash provided by operating activities less capital expenditures including capitalised development costs, net of proceeds from disposals of tangible and intangible assets. Free Cash Flow does not include any proceeds from disposals of activity.

The most directly comparable financial measure to Free Cash Flow calculated and presented in accordance with IFRS is net cash provided by operating activities.

A reconciliation of Free Cash Flow and net cash provided by operating activities is presented below:

<i>(in € million)</i>	Year ended 31 March 2021	Year ended 31 March 2020
Net cash provided by / (used in) operating activities	(455)	476
<i>Of which operating flows provided / (used) by discontinued operations</i>		
Capital expenditure (including capitalised R&D costs)	(265)	(274)
Proceeds from disposals of tangible and intangible assets	17	4
FREE CASH FLOW	(703)	206

Alstom uses the Free Cash Flow both for internal analysis purposes as well as for external communication as the Group believes it provides accurate insight into the actual amount of cash generated or used by operations.

During the fiscal year 2020/21, the Group Free Cash Flow was at €(703) million compared to €206 million last fiscal year.

CAPITAL EMPLOYED

Capital employed corresponds to hereafter-defined assets minus liabilities:

- **Assets:** sum of goodwill, intangible assets, property, plant and equipment, equity-accounted investments and other investments, other non-current assets (other than those related to financial debt and to employee defined benefit plans), inventories, costs to fulfil a contract, contract assets, trade receivables and other operating assets;

- **Liabilities:** sum of non-current and current provisions, contract liabilities, trade payables and other operating liabilities.

At the end of fiscal year 2020/21, capital employed stood at €11.2 billion, compared to €2.4 billion at the end of March 2020. This movement is mainly attributable to the goodwill resulting from the Bombardier Transportation acquisition for €7.6 billion (see Note 11), and to the integration of Bombardier Transportation assets and liabilities measured at their fair value at the date of acquisition (see Note 1.1).

<i>(in € million)</i>	Year ended 31 March 2021	Year ended 31 March 2020
Non-current assets	17,069	4,628
less deferred tax assets	(541)	(234)
less non-current assets directly associated to financial debt	(165)	(177)
Capital employed – non-current assets (A)	16,363	4,217
Current assets	11,167	8,380
less cash and cash equivalents	(1,250)	(2,175)
less other current financial assets	(28)	(45)
Capital employed – current assets (B)	9,889	6,160
Current liabilities	14,829	7,775
less current financial debt	(526)	(270)
plus non-current lease obligations	590	465
less other obligations associated to financial debt	(165)	(177)
plus non-current provisions	295	160
Capital employed – liabilities (C)	15,023	7,953
CAPITAL EMPLOYED (A)+(B)-(C)	11,229	2,424

NET CASH/(DEBT)

The net cash/(debt) is defined as cash and cash equivalents, marketable securities and other current financial asset, less borrowings. On 31 March 2021, the Group recorded a net cash level of €(899) million, as compared to the net cash position of €1,178 million on 31 March 2020.

<i>(in € million)</i>	Year ended 31 March 2021	Year ended 31 March 2020
Cash and cash equivalents	1,250	2,175
Other current financial assets	28	45
less:		
Current financial debt	526	270
Non-current financial debt	1,651	772
NET CASH/(DEBT) AT THE END OF THE PERIOD	(899)	1,178

ORGANIC BASIS




Figures presented in this section include performance indicators presented on an actual basis and on an organic basis. Figures given on an organic basis eliminate the impact of changes in scope of consolidation and changes resulting from the translation of the accounts into euro following the variation of foreign currencies against the euro.


The Group uses figures prepared on an organic basis both for internal analysis and for external communication, as it believes they provide means to analyse and explain variations from one period to another. However, these figures are not measurements of performance under IFRS.



3

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 **AFR** The Content of the Annual Financial Report is identified in the summary table with the help of this pictogram.

CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2021

➤ Consolidated income statement

<i>(in € million)</i>	Note	Year ended	
		At 31 March 2021	At 31 March 2020
Sales	(3)	8,785	8,201
Cost of sales		(7,400)	(6,740)
Research and development expenses	(4)	(318)	(302)
Selling expenses	(5)	(230)	(223)
Administrative expenses	(5)	(403)	(368)
Other income/(expense)	(6)	(134)	(23)
Earnings Before Interests and Taxes		300	545
Financial income	(7)	4	6
Financial expense	(7)	(72)	(82)
Pre-tax income		232	469
Income Tax Charge	(8)	(63)	(118)
Share in net income of equity-accounted investments	(13)	83	102
Net profit from continuing operations		252	453
Net profit from discontinued operations	(9)	7	21
NET PROFIT		259	474
Net profit attributable to equity holders of the parent		247	467
Net profit attributable to non controlling interests		12	7
Net profit from continuing operations attributable to:			
• Equity holders of the parent		240	446
• Non controlling interests		12	7
Net profit from discontinued operations attributable to:			
• Equity holders of the parent		7	21
• Non controlling interests		-	-
EARNINGS PER SHARE <i>(in €)</i>			
• Basic earnings per share	(10)	0.94	2.08
• Diluted earnings per share	(10)	0.94	2.06

The accompanying notes are an integral part of the consolidated financial statements.

➤ Consolidated statement of comprehensive income

(in € million)	Note	Year ended	
		At 31 March 2021	At 31 March 2020
Net profit recognised in income statement		259	474
Remeasurement of post-employment benefits obligations	(29)	108	37
Equity investments at FVOCI	(13)/(14)	3	(6)
Income tax relating to items that will not be reclassified to profit or loss	(8)	(7)	(4)
Items that will not be reclassified to profit or loss		104	27
<i>of which from equity-accounted investments</i>		-	(1)
Fair value adjustments on cash flow hedge derivatives		4	(4)
Costs of hedging reserve		(7)	(4)
Currency translation adjustments ^(*)	(23)	14	(163)
Income tax relating to items that may be reclassified to profit or loss	(8)	(1)	3
Items that may be reclassified to profit or loss		10	(168)
<i>of which from equity-accounted investments</i>	(13)	2	(89)
TOTAL COMPREHENSIVE INCOME		373	333
Attributable to:			
• Equity holders of the parent		360	329
• Non controlling interests		13	4
Total comprehensive income attributable to equity shareholders arises from:			
• Continuing operations		353	308
• Discontinued operations		7	21
Total comprehensive income attributable to non controlling interests arises from:			
• Continuing operations		13	4
• Discontinued operations		-	-

(*) Doesn't include any currency translation adjustments on actuarial gains and losses as of 31 March 2021 (€2 million as of 31 March 2020).

The accompanying notes are an integral part of the consolidated financial statements.

➤ Consolidated balance sheet

Assets

<i>(in € million)</i>	Note	At 31 March 2021	At 31 March 2020
Goodwill	(11)	9,200	1,567
Intangible assets	(11)	2,800	470
Property, plant and equipment	(12)	2,550	1,371
Investments in joint-venture and associates	(13)	1,466	693
Non consolidated investments	(14)	77	60
Other non-current assets	(15)	435	233
Deferred Tax	(8)	541	234
Total non-current assets		17,069	4,628
Inventories	(17)	2,962	1,743
Contract assets	(18)	2,715	1,644
Trade receivables	(19)	2,299	1,581
Other current operating assets	(20)	1,913	1,192
Other current financial assets	(25)	28	45
Cash and cash equivalents	(26)	1,250	2,175
Total current assets		11,167	8,380
Assets held for sale	(9)	330	-
TOTAL ASSETS		28,566	13,008

Equity and Liabilities

<i>(in € million)</i>	Note	At 31 March 2021	At 31 March 2020
Equity attributable to the equity holders of the parent	(23)	9,039	3,271
Non controlling interests		78	57
Total equity		9,117	3,328
Non current provisions	(22)	295	160
Accrued pensions and other employee benefits	(29)	1,359	491
Non-current borrowings	(27)	1,651	772
Non-current lease obligations	(27)	590	465
Deferred Tax	(8)	108	17
Total non-current liabilities		4,003	1,905
Current provisions	(22)	2,014	853
Current borrowings	(27)	526	270
Current lease obligations	(27)	161	131
Contract liabilities	(18)	5,457	3,148
Trade payables	(16)	3,207	1,653
Other current liabilities	(21)	3,464	1,720
Total current liabilities		14,829	7,775
Liabilities related to assets held for sale	(9)	617	-
TOTAL EQUITY AND LIABILITIES		28,566	13,008

The accompanying notes are an integral part of the consolidated financial statements.

➤ Consolidated statement of cash flows

(in € million)	Note	Year ended	
		At 31 March 2021	At 31 March 2020
Net profit		259	474
Depreciation, amortisation and impairment	(11)/(12)	391	293
Expense arising from share-based payments	(30)	10	25
Cost of net financial debt and costs of foreign exchange hedging, net of interest paid and received (a), and other change in provisions		(28)	(30)
Post-employment and other long-term defined employee benefits		6	4
Net (gains)/losses on disposal of assets		(11)	(2)
Share of net income (loss) of equity-accounted investments (net of dividends received)	(13)	(27)	(22)
Deferred taxes charged to income statement	(8)	(70)	61
Net cash provided by operating activities – before changes in working capital		530	803
Changes in working capital resulting from operating activities (b)	(16)	(985)	(327)
Net cash provided by/(used in) operating activities		(455)	476
<i>Of which operating flows provided/(used) by discontinued operations</i>		-	-
Proceeds from disposals of tangible and intangible assets		17	4
Capital expenditure (including capitalised R&D costs)		(265)	(274)
Increase/(decrease) in other non-current assets	(15)	12	(7)
Acquisitions of businesses, net of cash acquired ⁽¹⁾		(1,699)	(61)
Disposals of businesses, net of cash sold		(8)	(30)
Net cash provided by/(used in) investing activities		(1,943)	(368)
<i>Of which investing flows provided/(used) by discontinued operations</i>	(9)	(8)	(31)
Capital increase/(decrease) including non controlling interests ⁽²⁾		1,967	60
Dividends paid including payments to non controlling interests		(6)	(1,240)
Issuances of bonds & notes	(27)	750	700
Repayments of bonds & notes issued	(27)	-	(879)
Changes in current and non-current borrowings	(27)	(1,089)	110
Changes in lease obligations	(27)	(110)	(103)
Changes in other current financial assets and liabilities	(27)	(55)	(5)
Net cash provided by/(used in) financing activities		1,457	(1,357)
<i>Of which financing flows provided/(used) by discontinued operations</i>		-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(941)	(1,249)
Cash and cash equivalents at the beginning of the period		2,175	3,432
Net effect of exchange rate variations		21	(11)
Transfer to assets held for sale		(5)	3
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	(26)	1,250	2,175
<i>(a) Net of interests paid & received</i>		(28)	(57)
<i>(b) Income tax paid</i>		(94)	(102)

(1) Mainly due to Bombardier Transportation's purchase price which is partially paid in cash for €2.0 billion (see Note 1.1), net of the cash acquired for €0.4 billion.

(2) Mainly due to the rights issue completed on 7 December 2020 for an amount of around €2 billion in the frame of the acquisition of Bombardier Transportation (see Note 1.1).

<i>(in € million)</i>	Year ended	
	At 31 March 2021	At 31 March 2020
Net cash/(debt) variation analysis		
Changes in cash and cash equivalents	(941)	(1,249)
Changes in other current financial assets and liabilities	55	5
Changes in bonds and notes	(750)	179
Changes in current and non-current borrowings	1,089	(110)
Net debt of acquired/disposed entities at acquisition/disposal date and other variations	(1,530)	28
Decrease/(increase) in net debt	(2,077)	(1,147)
Net cash(debt) at the beginning of the period	1,178	2,325
NET CASH/(DEBT) AT THE END OF THE PERIOD	(899)	1,178

The accompanying notes are an integral part of the consolidated financial statements.

➤ Consolidated statement of changes in equity

<i>(in € million, except for number of shares)</i>	Number of outstanding shares	Capital	Additional paid-in capital	Retained earnings	Actuarial gains and losses	Cash-flow hedge	Currency translation adjustment	Equity attributable to the equity holders of the parent	Non controlling interests	Total equity
At 31 March 2019	223,572,313	1,565	931	2,366	(311)	-	(460)	4,091	68	4,159
Movements in other comprehensive income	-	-	-	(9)	36	(3)	(162)	(138)	(3)	(141)
Net income for the period	-	-	-	467	-	-	-	467	7	474
Total comprehensive income	-	-	-	458	36	(3)	(162)	329	4	333
Change in controlling interests and others	-	-	-	-	-	-	-	-	(9)	(9)
Dividends	-	-	-	(1,234)	-	-	-	(1,234)	(6)	(1,240)
Issue of ordinary shares under long term incentive plans	2,181,741	15	45	(5)	-	-	-	55	-	55
Recognition of equity settled share-based payments	219,728	1	4	25	-	-	-	30	-	30
At 31 March 2020	225,973,782	1,581	980	1,610	(275)	(3)	(622)	3,271	57	3,328
Movements in other comprehensive income	-	-	-	(5)	102	6	11	113	1	114
Net income for the period	-	-	-	247	-	-	-	247	12	259
Total comprehensive income	-	-	-	242	102	6	11	360	13	373
Change in controlling interests and others	-	-	-	(1)	-	-	-	(1)	14	13
Dividends	-	-	-	-	-	-	-	-	(6)	(6)
Capital increase by issuance of new shares	144,262,351	1,011	4,046	52	-	-	-	5,109	-	5,109
Fair value adjustment of consideration transferred	-	-	287	-	-	-	-	287	-	287
Issue of ordinary shares under long term incentive plans	862,298	5	-	(5)	-	-	-	-	-	-
Recognition of equity settled share-based payments	103,362	1	2	10	-	-	-	13	-	13
AT 31 MARCH 2021	371,201,793	2,598	5,315	1,908	(173)	3	(611)	9,039	78	9,117

The accompanying notes are an integral part of the consolidated financial statements.

➤ Notes to the consolidated financial statements

DETAILED SUMMARY OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Alstom is a leading player in the world rail transport industry. As such, the Company offers a complete range of solutions, including rolling stock, systems, services as well as signalling for passenger and freight railway transportation. It benefits from a growing market with solid fundamentals. The key market drivers are urbanisation, environmental concerns, economic growth, governmental spending and digital transformation.

In this context, Alstom has been able to develop both a local and global presence that sets it apart from many of its competitors, while offering proximity to customers and great industrial flexibility. Its range of

solutions, one of the most complete and integrated on the market, and its position as a technological leader, place Alstom in a unique situation to benefit from the worldwide growth in the rail transport market. Lastly, in order to generate profitable growth, Alstom focuses on operational excellence and its product mix evolution.

The consolidated financial statements are presented in euro and have been authorised for issue by the Board of Directors held on 10 May 2021. In accordance with French legislation, they will be final once approved by the shareholders of Alstom at the Annual General Meeting convened for 28 July 2021.

A. MAJOR EVENTS AND CHANGES IN SCOPE OF CONSOLIDATION

NOTE 1. MAJOR EVENTS AND MAJOR CHANGES IN SCOPE OF CONSOLIDATION

1.1. Major events

1.1.1. The acquisition of Bombardier Transportation

On 1 December 2020, Alstom and Bombardier announced that all necessary regulatory approvals required to complete the sale of Bombardier Transportation to Alstom had been received.

On 29 January 2021, Alstom announced the completion of the acquisition of Bombardier Transportation. Leveraging on its clear Alstom in Motion strategy and its strong operational fundamentals and financial trajectory, Alstom, integrating Bombardier Transportation, will strengthen its leadership in the growing sustainable mobility market by reaching a critical size in all geographies and integrating further solutions and assets to better serve its customers worldwide. The enlarged Group has a combined proforma 2020/21 revenue of around €14.0 billion and €74.5 billion combined backlog. It employs 71,700 people worldwide in 70 countries, has unparalleled R&D capabilities and a complete portfolio of products and solutions.

Price and Financing

The reference price was established at €5.5 billion, at the bottom of the range of €5.5 billion to €5.9 billion communicated on 16 September 2020. The proceeds for the acquisition were established at €4.4 billion, which include the impact of the minimum cash adjustment mechanism based on a negative net cash position of Bombardier Transportation as of 31 December 2020 and other further contractual adjustments for an amount of €1.1 billion.

Alstom also proceeded, on 29 January 2021, to the reimbursement of the € 0.75 billion Equity injections performed by CDPQ (Caisse de dépôt et placement du Québec) and Bombardier Inc. between February 2020 and January 2021.

The financing structure of the purchase price was as follows:

As determined in the Sale and Purchase Agreement (SPA), a significant part of the purchase price, for a global amount of €3.1 billion, was paid in Equity through reserved share capital increases by way of set-off subscribed by:

- CDPQ's affiliate, CDP Investissements Inc, with two capital increases, one of €1.9 billion with 47,469,213 new ordinary shares issued and one of €0.7 billion with 17,210,934 new ordinary shares issued;
- Bombardier UK for an amount of €500 million with 11,504,149 new ordinary shares issued.

The remaining part of the purchase price for an amount of € 2.0 billion was paid in cash. It was financed thanks to the rights issue for an amount of around €2 billion completed on 7 December 2020 with 68,078,055 new ordinary shares issued.

The contractual purchase price was calculated in euros. A portion of it was paid to Bombardier UK in US dollars at an agreed exchange rate EUR/USD of circa 1/1.17, this payment in US dollars having been hedged by Alstom. The effective portion of the hedging has been recorded in goodwill for €(64) million, the ineffective part in the financial result for €(19) million (see Note 7).

Purchase price accounting

From an accounting perspective, the consideration transferred amounted to €5.4 billion. It corresponds to the sum of the fair values, at closing date, of the shares and the cash transferred by Alstom. The number of Alstom's shares has been determined based on the contractual purchase price. Accordingly, as required under IFRS 3, the subscription by way of set off has been measured based on the fair value of Alstom's shares issued at the Completion Date, which is represented by the market price of Alstom's shares at 29 January 2021.

<i>Number of shares allocated to CDPQ and Bombardier Inc. (based on the share prices agreed in the Acquisition Agreement)</i>	76,184,296
<i>Alstom's closing share price as of 29 January 2021 (in €)</i>	44.86
Fair value of the consideration subscribed in Alstom shares by way of set off (in € million)	3,418
Consideration paid in cash (in € million)	1,964
FAIR VALUE OF THE CONSIDERATION TRANSFERRED (in € million)	5,382

Moreover, Bombardier Transportation's identifiable assets and liabilities were measured at their fair value on the date on which Alstom acquired control of the company. The preliminary/provisional allocation of Bombardier Transportation purchase price to the assets acquired and liabilities assumed is as follows:

<i>(in € million)</i>	Note	Fair value at 29 January 2021
Intangible assets	(11)	2,365
Property, plant and equipment	(12)	1,197
Investments in joint-venture and associates	(13)	713
Inventories	(17)	1,157
Net contract assets/(liabilities)	(18)	(2,676)
Other net assets/(liabilities) ^(*)		(3,094)
Accrued pensions and other employee benefits	(29)	(934)
Net financial debt	(27)	(1,133)
Net deferred taxes assets/(liabilities)	(8)	152
Non controlling interests		(13)
FAIR VALUE OF ASSETS/(LIABILITIES) ATTRIBUTABLE TO THE SHAREHOLDERS OF THE GROUP		(2,266)
Consideration transferred		5,382
Preliminary goodwill		7,648

(*) Including €1,509 million of provisions (see Note 22).

The following methods were used to measure the fair value of the intangible assets, Property, plant and equipment and Investments in joint-venture and associates acquired:

Assets acquired	Description of the valuation approach
Customer-related intangible assets: Backlog/ Customer relationships/Options/Bids	Multi-Period Excess Earning Method (MPEEM) The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer contracts or relationships, after remuneration of the contributory assets necessary to the execution of contracts.
Technology-related Intangible assets	Relief from Royalty method/Cost approach The relief-from-royalty method considers the discounted royalty payments that are expected to be avoided as a result of the technology being owned. The cost approach reflects the fair value of an asset based of costs (to be) incurred to develop similar asset, after consideration of its obsolescence.
Property, plant and equipment	Market comparison technique and cost technique. The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate.
Investments in Joint Ventures and associates	Discounted Dividend Method, Discounted Cash Flows Method and/or Net Book Value

At the acquisition date, the preliminary fair value of the Customer-Related intangible assets amount to €1,892 million and €466 million for the technology acquired.

According to IFRS 3, Alstom recognized and measured the deferred tax assets and liabilities arising from the assets acquired and liabilities assumed in this business combination in accordance with IAS 12 "Income Taxes", considering the applicable tax rate of the entities to which the assets and liabilities belong.

The Group may adjust the provisional amounts recognized as soon as it receives additional information about facts and circumstances that existed as of the acquisition date within one year from the acquisition date. Any differences compared to the provisional amounts will be recognized as a retrospective adjustment against goodwill if recorded within 12 months from the acquisition date. The provisional goodwill recognized on the transaction amounted to €7.6 billion.

The goodwill is mainly attributable to the Bombardier Transportation's workforce, its contracts portfolio of products and solutions, the synergies expected to be achieved from the integration of Bombardier Transportation within Alstom (including improvement of profitability) and the potential of new businesses based on current market dynamics.

Other acquisition related topics

The Group incurred €102 million for acquisition-related costs on non-recurring legal, advisory, accounting, valuation, banking and other professional or consulting fees attributable to the Bombardier Transportation's acquisition. Those costs were accounted for in accordance with IFRS 3, and consequently recognized as expenses in the periods in which they were incurred, and the services were received (see Note 6).

Costs incurred in issuing equity instruments have been accounted for as a deduction from equity to the extent they were deemed as incremental costs directly attributable to the equity transactions for an amount of €29 million after taxes.

According to IFRS 3, hedge relationships related to Bombardier Transportation's commercial activity were reset at acquisition date. Outstanding foreign exchange derivatives were therefore re-designated in new hedging relationships as of 29 January 2021, leading to hedged commercial contracts being valued using the exchange rate applicable as of the date of acquisition. The reset of hedged rates leads to an increase of the gross margin on contracts of €30 million (compared hedged rates used by Bombardier Transportation) to be recognized over the period 2020/21 to 2026/27.

Bombardier Transportation contributed for €1,125 million to the sales of the Group and for €(60) million to the net result since its acquisition. It includes the amortisations of the purchase price allocation amounting to €(71) million over the period ended 31 March 2021.

On a pro forma basis, if the acquisition had occurred on 1 April 2020, management estimates that consolidated revenue would have been €14.0 billion, and consolidated net result for the year would have been €(0.8) billion.

Shareholding and governance

CDPQ became Alstom's main shareholder with 17.5% of Alstom's share capital. CDPQ is committed to a long-term shareholder approach with a strong track record of investing in infrastructure and transport assets.

In accordance with the resolutions approved by the Alstom's Shareholders' Meeting held on 29 October 2020, Ms Kim Thomassin, representing CDPQ, and Mr Serge Godin joined Alstom's Board of Directors. Mr Benoit Raillard has been appointed by Alstom's Board of Directors as observer (*censeur*) upon CDPQ's proposal.

Next steps

Alstom will pursue and finalize sales of certain assets of the combined Group in line with the commitments described in the European Commission's press release on 31 July 2020 and classified as Assets Held for Sale (see Note 9):

- a transfer of Bombardier Transportation's contribution to the V300 ZEFIRO very high-speed train and an offer of IP license to Hitachi for the train co-developed by Hitachi and Bombardier Transportation for use in future very high-speed tenders in the UK;
- the divestment of the Alstom Coradia Polyvalent and the Reichshoffen production site in France;
- the divestment of the Bombardier TALENT 3 platform and dedicated production facilities located within the Hennigsdorf site in Germany.

The commitments concerning Bombardier Transportation's Signalling On-Board Units and Train Control Management Systems (TCMS) have already been started to be implemented.

The divestitures will comply with all applicable social processes and consultations with employee representatives' bodies.

1.1.2. Covid-19 pandemic

The Alstom Group does business in numerous countries that have significantly been affected by the Covid-19 pandemic. As a result, the Group's operations have been impacted by lockdowns and the disturbance resulting from government measures to address the Covid-19 pandemic. Such measures affected our supply chain and overall production chains,

impacting the timing of several projects. The Sanitary Crisis also impacted tendering momentum in the first quarters of 2020, with a shift in commercial activity.

In this context, after implementing the necessary health and safety measures to protect all of its employees and stakeholders, the Group made every effort to ensure the agile and responsible execution of its activities in each of the countries where it operates by swiftly adapting to changes linked to the public health crisis situation and complying with local government decisions. Our business activities showed good resilience, and, in the second semester, to the exception of a moderate impact on the service activity, operations were running at a pace in line with the pre-existing Covid-19 crisis conditions. Commercial performance was also very positive in the last quarter of the financial year, pointing to solid market momentum.

While the first initiative was to ensure the health and safety of its employees to ensure continuity of project execution, the Group implemented a company-wide cost saving program to significantly reduce costs. Alstom adapted the ways of working of its employees and limited non-essential travels and events. The Group also promoted salary moderation and kept a tight control over additional recruitments. The company has re-assessed investment priorities to rationalise cash spend while ensuring that R&D investments remained at the level that was deemed required to deliver on the Alstom in Motion strategy roadmap. In the context of the Covid-19 crisis, and in a spirit of responsibility towards all its stakeholders, the Board of Directors, in its meeting of 11 May 2020, decided as an exceptional measure not to propose a dividend distribution at the next Shareholders' meeting on 8 July 2020.

The Group was principally affected by the Covid-19 pandemic in the first quarter of its fiscal year 2020/21, with identified incremental costs incurred amounting up to €68 million and stemming both from inefficiencies and expenses dedicating specifically to Covid-19 crisis. Inefficiencies are costs induced by the inability of certain employees to come to the workplace in the wake of lockdowns and dedicated costs are mainly related to cleaning and purchase of protective equipment to protect our employees from the virus.

The impact of the Covid-19 pandemic on the Group's operations affects the whole income statement and balance sheet and not just individual line items.

Estimated profit (loss) on completion of contracts accounted for on a percentage of completion basis

Covid-19 related inefficiencies and dedicated costs are not included in the percentage of completion formula of the project and have not generated revenue. They have been recognized in the primary statement of the income statement under the caption Cost of sales.

Impairment of assets

Impairment tests have been performed on goodwill (see Note 11), tangible assets, intangible assets and deferred taxes (see Note 8) with no impairment risks identified as of end of March 2021. The events linked to Covid-19 led the Group to draw up business plan used for the impairment test performed in the frame of the preparation of the Group's consolidated financial statements, based on its best reasonable estimates and the visibility available for its operations at 31 March 2021. Moreover, some sensitivity analysis were performed with regards to the key assumptions that would not lead to an impairment loss of goodwill as the recoverable amount still exceeds its carrying value.

Liquidity and balance sheet position

At 31 March 2021, the Group has a total liquidity of around €4,500 million, including cash and cash equivalent and undrawn available credit lines. The Group has enough liquidity to fund its operations going forward.

Government grants

Where applicable, grants for the various furlough and short time working schemes established by the country where the Group operates were recognized as a deduction from personnel costs.

Risk and uncertainties

The crisis did not reveal new risk factors for the Group.

1.1.3. Shareholdership and stock market index

The Steering Committee of the Euronext Indices has decided to include Alstom in the list of the 40 stocks making up the French CAC40 index. This inclusion is effective since 21 September 2020.

CDPQ is now the main shareholder with 17.48% of Alstom's share capital. Bouygues holds now 3.12% of the capital of the Group with successful placements in November 2020 and March 2021.

1.2. Scope of consolidation

1.2.1. Changes of the year

Bombardier Transportation's Acquisition

On 29 January 2021, Alstom announced the completion of the acquisition of Bombardier Transportation (see Note 1.1)

SpeedInnov

Through its affiliate SpeedInnov, a joint-venture created in 2015 with ADEME, Alstom focused on its 'Very high-speed train of the future' project, aiming to promote a new generation of very high-speed trainset which will reduce acquisition and operating costs by at least 20%, optimise the environmental footprint and develop the commercial offer to improve passenger experience. In this context, Alstom subscribed to a capital increase in this joint-venture in an amount of €27 million in June 2020 increasing its stake from 71.0% to 74.0% with no change in the consolidation method (joint control).

Other Acquisitions

On 30 June 2020, Alstom fully acquired IBRE (International Braking & Railway Equipment) shares, a company based in France and renamed "Alstom IBRE". This company is specialized in the development, the manufacturing and the supply of railway brake discs. Their reliable high-quality products are recognized by the most important European railway administrations. The entity is fully consolidated in the Group's accounts.

On 1 March 2021, Alstom fully acquired B&C Transit's shares. This transit engineering design and construction firm is specialised in the passenger rail sector and operates in the United States and Canada.

On 31 March 2021, Alstom fully acquired RSB BV's shares. This Rotterdam-based company provides services in maintenance of rolling stock for freight and passenger transport in the Netherlands.

The table below presents the aggregated impact of the other acquisitions as per IFRS 3 recommendation:

	Other acquisitions
Total non-current assets	17
Total current assets	46
Total assets	63
Total non-current liabilities	11
Total current liabilities	18
Total liabilities	29
FAIR VALUE OF ASSETS/(LIABILITIES) ATTRIBUTABLE TO THE SHAREHOLDERS OF THE GROUP	34
Consideration price	77
Preliminary goodwill	43

Preliminary Goodwills amount to €43 million for other acquisitions. The purchase price allocations are not fully completed and will be finalized within 12 months after the acquisition date. Their contributions to the sales of the Group are not material.

B. ACCOUNTING POLICIES AND USE OF ESTIMATES

NOTE 2. ACCOUNTING POLICIES

2.1. Basis of preparation of the consolidated financial statements

Alstom consolidated financial statements, for the year ended 31 March 2021, are presented in millions of euros and have been prepared:

- in accordance with the International Financial Reporting Standards (IFRS) and interpretations published by the International Accounting Standards Board (IASB) and endorsed by the European Union and whose application was mandatory as at 31 March 2021;
- using the same accounting policies and measurement methods as at 31 March 2020, with the exceptions of changes required by the enforcement of new standards and interpretations presented here after.

The full set of standards endorsed by the European Union can be consulted at: <http://www.efrag.org/Endorsement>

2.2. New standards and interpretations mandatorily applicable for financial periods beginning on 1 April 2020

Several amendments are applicable at 1 April 2020:

- amendments to References to IFRS 9, IAS 39 & IFRS 7: Interest Rate Benchmark Reform; the Group has elected to early adopt these amendments as expressed within the Group's consolidated financial statements at 31 March 2020;
- amendment to IFRS 16 "Leases – Covid-19-Related Rent Concessions";
- amendments to IFRS 3 "Business Combinations";
- amendments to IAS 1 and IAS 8: Definition of material;
- amendments to References to the Conceptual Framework in IFRS Standards.

The last four amendments effective at 1 April 2020 for Alstom have no material impact on the Group's consolidated financial statements.

2.3. New standards and interpretations not yet mandatorily applicable

New standards and interpretations endorsed by the European Union not yet mandatorily applicable

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform" – Phase 2. The amendments will be applicable for annual periods beginning after 1 January 2021.

Alstom has decided not to early apply these new amendments and is currently ensuring the transition process to the new indices benchmarks. No significant impact is expected so far associated with this reform.

New standards and interpretations not yet approved by the European Union

- Amendments to IFRS 16 "Leases Covid-19-Related Rent Concessions" beyond 30 June 2021. The amendments are applicable for annual periods beginning after 1 April 2021.
- Several amendments to IFRS 3 "Business Combinations", IAS 16 "Property, Plant and Equipment", IAS 37 "Provisions, Contingent Liabilities and Contingent Assets and Annual Improvements 2018-2020". All these amendments will be applicable for annual periods beginning after 1 January 2022.
- Amendments to IAS 1 "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current". The amendments will be applicable for annual periods beginning after 1 January 2023.
- Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2: Disclosure of Accounting policies. The amendments will be applicable for annual periods beginning after 1 January 2023.
- Amendments to IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates". The amendments will be applicable for annual periods beginning after 1 January 2023.

The potential impacts of all these new pronouncements are currently being analyzed.

2.4. Use of estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make various estimates and to use assumptions regarded as realistic and reasonable. These estimates or assumptions could affect the value of the Group's assets, liabilities, equity, net income and contingent assets and liabilities at the closing date. Management reviews estimates on an on-going basis using information currently available. Actual results may differ from those estimates, due to changes in facts and circumstances.

The accounting policies most affected by the use of estimates are the following:

Revenue and margin recognition on construction and long-term service contracts and related provisions

The Group recognises revenue and gross margin on most construction and long-term service contracts fulfilling the requirements for revenue recognition over time, using the percentage of completion method based on cost to cost: revenue is in that case recognized based on the percentage of costs incurred to date divided by the total costs at completion. Moreover, when a project review indicates a negative gross margin, the estimated loss at completion is immediately recognised.

Recognised revenue and margin are based on estimates of total expected contract revenue and cost, which are subject to revisions as the contract progresses. Total expected revenue and cost on a contract reflect management's current best estimate of the probable future benefits and obligations associated with the contract.

Assumptions to calculate present and future obligations take into account current technology as well as the commercial and contractual positions, assessed on a contract-by-contract basis (one performance obligation corresponding in most cases to one contract). The introduction of technologically-advanced products exposes the Group to risks of product failure significantly beyond the terms of standard contractual warranties applicable to suppliers of equipment only.

Obligations on contracts may result in penalties due to late completion of contractual milestones, or unanticipated costs due to project modifications, suppliers or subcontractors' failure to perform or delays caused by unexpected conditions or events. Warranty obligations are affected by product failure rates, material usage and service delivery costs incurred in correcting failures.

Although the Group makes individual assessments on contracts on a regular basis, there is a risk that actual costs related to those obligations may exceed initial estimates. Estimates of contract costs and revenues at completion in case of contracts in progress and estimates of provisions in case of completed contracts may then have to be re-assessed.

Estimate of provisions relating to litigations

The Group identifies and analyses on a regular basis current litigations and measures, when necessary, provisions on the basis of its best estimate of the expenditure required to settle the obligation at the balance sheet date. These estimates take into account information available and different possible outcomes.

Valuation of deferred tax assets

Management judgment is required to determine the extent to which deferred tax assets can be recognised. Future sources of taxable income and the effects of the Group global income tax strategies are taken into account in making this determination. This assessment is conducted through a detailed review of deferred tax assets by jurisdiction and takes into account past, current and future performance deriving from the existing contracts in the order book, the budget and the three-year plan, and the length of carry back, carry forwards and expiry periods of net operating losses.

Measurement of post-employment and other long-term defined employee benefits

The measurement of obligations and assets related to defined benefit plans makes it necessary to use several statistical and other factors that attempt to anticipate future events. These factors include assumptions about the discount rate, the rate of future compensation increases as well as withdrawal and mortality rates. If actuarial assumptions materially differ from actual results, it could result in a significant change in the employee benefit expense recognised in the income statement, actuarial gains and losses recognised in other comprehensive income and prepaid and accrued benefits.

Valuation of assets

The discounted cash flow model used to determine the recoverable value of the group of cash generating unit to which goodwill is allocated includes a number of inputs including estimates of future cash flows, discount rates and other variables, and then requires significant judgment.

Impairment tests performed on intangible and tangible assets, as well as Right-of-Use related to leased assets are also based on assumptions. Future adverse changes in market conditions or poor operating results from underlying assets could result in an inability to recover their current carrying value.

Inventories

Inventories, including work in progress, are measured at the lower of cost and net realisable value. Write-down of inventories are calculated based on an analysis of foreseeable changes in demand, technology or market conditions in order to determine obsolete or excess inventories. If actual market conditions are less favourable than those projected, additional inventory write-downs may be required.

2.5. Significant accounting policies

2.5.1. Consolidation methods

Subsidiaries

Subsidiaries are entities over which the Group exercises control.

The Group controls an entity when (i) it has power over this entity, (ii) is exposed to or has rights to variable returns from its involvement with that entity, and (iii) has the ability to use its power over that entity to affect the amount of those returns.

Subsidiaries are fully consolidated in the consolidated financial statements from the date on which control is transferred to the Group and deconsolidated from the date that control ceases.

Inter-company balances and transactions are eliminated.

Non-controlling interests in the net assets of consolidated subsidiaries are identified in a specific line of the equity named "Non-controlling interests". Non-controlling interests consist of the amount of those interests at the date of the original business combination and their share of changes in equity since the date of the combination. In the absence of explicit agreements to the contrary, subsidiaries' losses are systematically allocated between equity holders of the parent and non-controlling interests based on their respective ownership interests even if this results in the non-controlling interests having a deficit balance.

Transactions with non-controlling interests that do not result in loss of control are considered as transactions between shareholders and accounted for in equity.

Joint arrangements

Joint arrangements are the entities over which the Group has joint control.

The Group jointly controls an entity when decisions relating to the relevant activities of that entity require unanimous consent of the Group and the other parties who share control.

A joint arrangement is classified either as a joint operation or as a joint venture. The classification is based on the rights and obligations of the parties to the arrangement, taking into consideration the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances (see also Note 13):

Joint operations

Joint operations are entities in which the Group has rights to the assets and obligations for the liabilities.

The Group recognises the assets, liabilities, revenues and expenses related to its interests in the joint operation. A joint operation may be conducted under a separate vehicle or not.

Joint ventures

Joint ventures are entities in which the Group only has rights to the net assets.

Interests in joint ventures are consolidated under the equity method as described in the paragraph below.

Investments in associates

Associates are entities over which the Group has significant influence. In other words, the Group has the possibility to participate in decisions related to these entities' financial and operating policies without having control (exclusive or joint).

Generally, the existence of significant influence is consistent with a level of voting right held by the Group between 20% and 50%.

If need be, accounting policies of associates will be standardized with the Group accounting policies.

Interests in associates are consolidated under the equity method in the consolidated financial statements as described in the paragraph below.

Equity method

The Group accounts for its interests in associates and joint ventures under the equity method. Wherever necessary, accounting policies of associates and joint ventures have been changed to ensure consistency with the IFRS framework.

Under the equity method, investments in associates are carried in the consolidated balance sheet at cost, including any goodwill arising and transaction costs. Earn-outs are initially recorded at fair value and adjustments recorded through cost of investment when their payments are probable and can be measured with sufficient reliability.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate or joint venture recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. In case of an associate or joint venture purchased by stage, the Group uses the cost method to account for changes from non-consolidated investments category to "Investments in joint ventures and associates".

Associates and joint ventures are presented in the specific line "Investments in joint ventures and associates" of the balance sheet, and the Group's share of its associates' profits or losses is recognized in the line "Share of net income of equity-accounted investments" of the income statement whereas its share of post-acquisition movements in reserves is recognized in reserves.

Losses of an associate or joint venture in excess of the Group's interest in that associate or joint venture are not recognized, except if the Group has a legal or implicit obligation.

The impairment expense of investments in associates and joint ventures is recorded in the line "Share of net income of equity-accounted investments" of the income statement.

According to IAS 28, if the financial statements of an associate used in applying the equity method are prepared as of a different date from that of the investor, adjustments shall be made for the effects of significant transactions or events that occur between that date and the date of the investor's financial statements. In any case, the difference between the end of the reporting period of the associate and that of the investor shall be no more than three months.

2.5.2. Assets held for sale

Non-current assets held for sale are presented on a separate line of the balance sheet when (i) the Group has made a decision to sell the asset(s) concerned and (ii) the sale is considered to be highly probable. These assets are measured at the lower of net carrying amount and fair value less costs to sell.

When the Group is committed to a sale process leading to the loss of control of a subsidiary, all assets and liabilities of that subsidiary are reclassified as held for sale, irrespective of whether the Group retains a residual interest in the entity after sale.

2.5.3. Cash flow hedge

When cash flow hedge applies, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income.

If a hedge of a forecast transaction subsequently resulting in the recognition of a non-financial asset qualifies for cash flow hedge, then the entity shall reclassify the associated gains and losses that were recognized in other comprehensive income to profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss.

2.5.4. Translation of financial statements denominated in currencies other than euro

Functional currency is the currency of the primary economic environment in which a reporting entity operates, which in most cases, corresponds to the local currency. However, some reporting entities may have a functional currency different from local currency when that other currency is used for the entity's main transactions and faithfully reflects its economic environment.

Assets and liabilities of entities whose functional currency is other than the euro are translated into euro at closing exchange rate at the end of each reporting period while their income and cash flow statements are translated at the average exchange rate for the period. The currency translation adjustments resulting from the use of different currency rates for opening balance sheet positions, transactions of the period and closing balance sheet positions are recorded in other comprehensive income. Translation adjustments are transferred to the consolidated income statement at the time of the disposal of the related entity.

Goodwill and fair value adjustments arising from the acquisition of entities whose functional currency is not euro are designated as assets and liabilities of those entities and therefore denominated in their functional currencies and translated at the closing rate at the end of each reporting period.

2.5.5. Business combinations

Business combinations completed between the 1 January 2004 and the 31 March 2010 have been recognised applying the provisions of the previous version of IFRS 3.

Business combinations completed from the 1 April 2010 onwards are recognised in accordance with IFRS 3R.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the sum of fair values of the assets transferred and the liabilities incurred by the acquirer at the acquisition date and the equity-interest issued by the acquirer. The consideration transferred includes contingent consideration, measured and recognized at fair value at the acquisition date.

For each business combination, any non-controlling interest in the acquiree may be measured:

- either at the acquisition-date fair value, leading to the recognition of the non-controlling interest's share of goodwill (full goodwill method); or
- either at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, resulting in recognition of only the share of goodwill attributable to equity holders of the parent (partial goodwill method).

Acquisition-related costs are recorded as an expense as incurred.

Goodwill arising from a business combination is measured as the difference between:

- the fair value of the consideration transferred for an acquiree plus the amount of any non-controlling interests of the acquiree; and
- the net fair value of the identifiable assets acquired and liabilities assumed at the acquisition date.

Initial estimates of consideration transferred and fair values of assets acquired and liabilities assumed are finalised within 12 months after the date of acquisition and any adjustments are accounted for as retroactive adjustments to goodwill. Beyond this 12-month period, any adjustment is directly recognised in the income statement.

Earn-outs are initially recorded at fair value and adjustments made beyond the 12-month measurement period following the acquisition are systematically recognised through profit or loss.

In case of a step-acquisition that leads to the Group acquiring control of the acquiree, the equity interest previously held by the Group is remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss.

2.5.6. Sales and costs generated by operating activities

Measurement of sales and costs

The amount of revenue arising from a transaction is usually determined by the contractual agreement with the customer. IFRS 15 provides restrictive guidance on the transaction price estimates and especially on variable consideration and contract modifications.

The estimation of the transaction price should include variable amounts and/or contract modifications to the extent that it is highly probable that no significant reversal in the amount of cumulative revenues recognized will occur when the uncertainty associated with these elements is subsequently resolved. The introduction of this constraint on the price escalation estimate on the one hand, as well as the incorporation of amendments under negotiation on the other hand, leads to recognize these effects on contract value at a later point in time, when they become enforceable.

In the case of "construction contracts" claims are considered in the determination of contract revenue only when it is highly probable that the claim will result in additional revenue and the amount can be reliably estimated.

Penalties are first taken into account as an increase of contract costs and in a second step as a reduction of contract revenue as soon as they are accepted.

Finally, a significant financial component should be introduced positively or negatively on revenue, when timing of cash receipts and revenue recognition under cost to cost method differ substantially.

Production costs include direct costs (such as material, labour and warranty costs) and indirect costs. Warranty costs are estimated on the basis of contractual agreement, available statistical data and weighting of all possible outcomes against their associated probabilities. Warranty periods may extend up to five years. Selling and administrative expenses are excluded from production costs.

Recognition of sales and costs

Revenue on sale of manufactured products is recognised according to IFRS 15 at a point in time, *i.e.* essentially when the significant risks and rewards of ownership are transferred to the customer, which generally occurs on delivery. Revenue on short-term service contracts is also accounted for at a point in time and recognised on performance of the related service. All production costs incurred or to be incurred in respect of the sale are charged to cost of sales at the date of recognition of sales.

Revenue on most of "construction contracts" and long-term service agreements is recognised according to IFRS 15 based on the percentage of completion method as they fulfill the requirements for revenue recognition over time: the stage of completion is assessed on the cost to cost method. Revenue is recognised for each performance obligation based on the percentage of costs incurred to date divided by the total costs expected at completion. Consequently, the revenue for the period is the excess of revenue measured according to the percentage of completion over the revenue recognised in prior periods.

Cost of sales on "construction contracts" and long-term service agreements is computed on the same basis. The cost of sales for the period is the excess of cost measured according to the percentage of completion over the cost of sales recognised in prior periods. As a consequence, adjustments to contract estimates resulting from work conditions and performance are recognised in cost of sales as soon as they occur, prorated to the stage of completion.

When the outcome of a contract cannot be estimated reliably, but the Group expects to recover the costs incurred in satisfying the contract, revenue is recognised only to the extent of the costs incurred until such time that the outcome of the contract can be reasonably measured.

Costs incurred that are attributable to significant inefficiencies in the Group's performance and that were not reflected in the price of the contract when the contract was negotiated with the customer should not be included in the percentage of completion formula and expensed when incurred.

When it is probable that contract costs at completion will exceed total contract revenue, the expected loss at completion is recognised immediately as an expense. Bid costs are recorded as selling expenses when incurred.

2.5.7. Impairment of goodwill, tangible and intangible assets as well as Right-of-Use related to leased assets

Assets that have an indefinite useful life – mainly goodwill and intangible assets not yet ready to use – are not amortised but tested for impairment at least annually or when there are indicators that they may be impaired. Other intangible and tangible assets as well as Right-of-Use related to leased assets subject to amortisation are tested for impairment only if there are indicators of impairment.

The impairment test methodology is based on a comparison between the recoverable amount of an asset and its net carrying value. If the recoverable amount of an asset or a cash-generating unit (CGU) is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss is recognised immediately in the income statement. In the case of goodwill allocated

to a group of CGUs, the impairment loss is allocated first to reduce the carrying amount of goodwill and then to the other assets on a pro-rata basis of the carrying amount of each asset.

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets. If an asset does not generate cash inflows that are largely independent of other assets or groups of assets, the recoverable amount is determined for a cash-generating unit.

The recoverable amount is the higher of fair value less costs to sell and value in use. The value in use is elected as representative of the recoverable value. The valuation performed is based upon the Group's internal three-year business plan. Cash flows beyond this period are estimated using a perpetual long-term growth rate for the subsequent years. The recoverable amount is the sum of the discounted cash flows and the discounted terminal residual value. Discount rates are determined using the weighted-average cost of capital.

Impairment losses recognised in respect of goodwill cannot be reversed. The impairment losses recognized in respect of other assets than goodwill may be reversed in a later period and recognized immediately in the income statement. The carrying amount is increased to the revised estimate of recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognized in prior years.

C. SEGMENT INFORMATION

NOTE 3. SEGMENT INFORMATION

The Group organization, customer focused and also influenced by an increasing number of integrated services, leading to complete and turnkey solutions, leads to present financial information issued through various axes of analysis (regions, sites, contracts, functions and products). None of these axes allow for a comprehensive operating profit and loss measure nor segment assets and liabilities.

The segment information issued to the Alstom Executive Committee, identified as the Group's Chief Operating Decisions Maker (CODM) presents Key Performance Indicators at Group level. Strategic decisions and resource allocation are driven based on this reporting. The segment information has been adapted according to a similar method as those used to prepare the consolidated financial statements.

3.1. Sales by product

<i>(in € million)</i>	Year ended	
	At 31 March 2021	At 31 March 2020
Rolling stock	4,530	3,942
Services	1,745	1,469
Systems	947	1,301
Signalling	1,563	1,489
TOTAL GROUP	8,785	8,201

3.2. Key indicators by geographic area

Sales by country of destination

<i>(in € million)</i>	Year ended	
	At 31 March 2021	At 31 March 2020
Europe	5,316	4,675
<i>of which France</i>	1,679	1,556
Americas	1,351	1,280
Asia & Pacific	1,093	889
Africa/Middle-East/Central Asia	1,025	1,357
TOTAL GROUP	8,785	8,201

Non-current assets by country of origin

Non-current assets by country of origin are defined as non-current assets other than those related to financial debt, to employee defined benefit plans and deferred tax assets (see Section E).

<i>(in € million)</i>	At 31 March 2021	At 31 March 2020
Europe	4,370	1,969
<i>of which France</i>	1,109	872
Americas	790	169
Asia/Pacific	1,519	330
Africa/Middle-East/Central Asia	349	182
Total excluding goodwill	7,028	2,650
Goodwill	9,200	1,567
TOTAL GROUP	16,228	4,217

3.3. Orders Backlog

Product breakdown

<i>(in € million)</i>	At 31 March 2021	At 31 March 2020
Rolling stock	39,052	20,677
Services	24,737	13,794
Systems	4,692	2,288
Signalling	6,056	4,144
TOTAL GROUP	74,537	40,903

Geographic breakdown

<i>(in € million)</i>	At 31 March 2021	At 31 March 2020
Europe	40,804	21,321
<i>of which France</i>	12,226	7,974
Americas	10,491	5,539
Asia & Pacific	11,209	6,120
Africa/Middle-East/Central Asia	12,033	7,923
TOTAL GROUP	74,537	40,903

During budget exercises, Alstom re-assesses how the company backlog evolution impacts the future sales cycles. Budget processes are designed to estimate, based on the latest contract costs and planning assumptions, how the contract sales from backlog can develop over time. The March 2021 backlog contribution to the next three fiscal years revenue is expected to land within a €31 billion-€33 billion range.

3.4. Information about major customers

No external customer represents individually 10% or more of the Group's consolidated sales.

D. OTHER INCOME STATEMENT

NOTE 4. RESEARCH AND DEVELOPMENT EXPENDITURE

Research expenditure is expensed as incurred. Development costs are expensed as incurred unless the project they relate to meets the criteria for capitalisation (see Note 11). Research and Development costs also cover product sustainability costs booked when incurred.

<i>(in € million)</i>	Year ended	
	At 31 March 2021	At 31 March 2020
Research and development gross cost	(443)	(442)
Funding received	91	117
Research and development spending, net	(352)	(325)
Development costs capitalised during the period	106	79
Amortisation expenses ^(*)	(72)	(56)
RESEARCH AND DEVELOPMENT EXPENSES	(318)	(302)

(*) Including €(9) million of amortisation expenses of the purchase price allocation of Bombardier Transportation.

As of end of March 2021, Alstom Group invested €443 million in Research and Development, notably to develop:

- its very high-speed trains Avelia Horizon™, with the first delivery for test on tracks in the US on Amtrack project, while the development of the French market version is still ongoing;
- its BEMU battery train, for which a first contract has been awarded in Germany;
- its HealthHub™ predictive maintenance solution, which is now the backbone for Rolling Stock and Infrastructures maintenance solutions;
- its TRAXX Multi-system 3 locomotives, which development started in 2018 to cover the European market;
- its new generation interlocking solution, with the ARGOS partnership with SNCF signed in September 2020;
- its FLEXX Compact Bogie 5th Generation, which will be active in the Regional and Mainline segments up to 250 km/hr;
- its ERTMS level 2 on-board solution, in particular to equip the entire Norwegian railway fleet with ATLAS™ on-board train control solution;
- its CBTC solutions Urbalis Fluence™ and Urbalis 400™ for metros and tramways;
- its ICONIS™ suite for Operational Control Centers, maximizing traffic fluidity and orchestrating operations from distance;
- the continuous development of innovative solutions, based on three pillars: Autonomous mobility, Data factory and Mobility orchestration.

NOTE 5. SELLING AND ADMINISTRATIVE EXPENSES

Selling Costs are expenses incurred in the marketing and selling of a product or a service. Selling Costs typically include expenditure in the following departments: Market & Strategy, Sales & Business Development and Communication as well as the direct labour costs of operational population such as engineering working on the tendering phase.

Administrative Costs are structure and operational support costs. Administrative Costs include mostly expenditure of Headquarter and site functions having a transverse role, in particular Finance, Human Resources, Legal and Information Systems departments.

Selling and administrative expenses are recognized in charges as incurred.

Effective control of the cost structure has contributed to constraint selling and administrative expenses.

NOTE 6. OTHER INCOME AND OTHER EXPENSES

Other income and expenses are representative of items which are inherently difficult to predict due to their unusual, irregular or non-recurring nature.

Other income may include capital gains on disposal of investments or activities and capital gains on disposal of tangible and intangible assets arising from activities disposed or facing restructuring plans, any income associated to past disposals as well as a portion of post-employment and other long-term defined employee benefits (plan amendments, impact of curtailments and settlements and actuarial gains on long-term benefits other than post-employment benefits).

Other expenses include capital losses on disposal of investments or activities and capital losses on disposal of tangible and intangible assets relating to activities facing restructuring plans as well as any costs associated to past disposals, restructuring costs, rationalisation costs, significant impairment losses on assets, costs incurred to realize business combinations and amortisation expense of assets exclusively acquired in the context of former business combinations (technology, customer relationship, margin in backlog, margin on inventory), litigation costs that have arisen outside the ordinary course of business and a portion of post-employment and other long-term defined benefit expense.

<i>(in € million)</i>	Year ended	
	At 31 March 2021	At 31 March 2020
Capital gains/(losses) on disposal of business	(2)	-
Restructuring and rationalisation costs	(14)	(18)
Impairment loss and other	(118)	(5)
OTHER INCOME/(EXPENSES)	(134)	(23)

As of 31 March 2021, restructuring and rationalisation costs are mainly related to the adaptation of the means of production.

Over the period ended at 31 March 2021, Impairment loss and other represent mainly:

- €(13) million of amortisation of intangible assets and integration costs related to former business combinations, such as GE Signalling, EKZ and Nomad;
- €(117) million of incremental costs related to Bombardier Transportation's transaction (mainly acquisition costs, see Note 1.1);
- €47 million related to reversal of impairments (see Note 9);
- €(36) million related to E-Bus impairment of assets (see Note 36);
- €8 million related to some legal proceedings (see Note 33) and other risks, arisen outside of the ordinary course of business.

NOTE 7. FINANCIAL INCOME (EXPENSES)

Financial income and expenses include:

- interest income representing the remuneration of the cash position;
- interest expenses related to the financial debt (financial debt consists of bonds, other borrowings, and lease obligations);
- other expenses paid to financial institutions for financing operations;
- cost of commercial and financial foreign exchange hedging (forward points);
- the financial component of the employee defined benefits expense (net interest income (expenses) and administration costs);
- the significant financing component under IFRS 15.

<i>(in € million)</i>	Year ended	
	At 31 March 2021	At 31 March 2020
Interest income	4	5
Interest expense on borrowings and on lease obligations	(32)	(57)
NET FINANCIAL INCOME/(EXPENSES) ON DEBT	(28)	(52)
Net cost of foreign exchange hedging	(3)	(17)
Net financial expense from employee defined benefit plans	(17)	(11)
Financial component on contracts	11	11
Other financial income/(expense)	(31)	(7)
NET FINANCIAL INCOME/(EXPENSES)	(68)	(76)

Net financial income/(expenses) on debt is the cost of borrowings net of income from cash and cash equivalents. As of 31 March 2021, interest income amounts to €4 million, representing the remuneration of the Group's cash position over the period, while interest expenses amount to €(32) million, with €(9) million of interest expenses on lease obligations.

The net cost of foreign exchange hedging of €(3) million includes primarily the amortized cost of carry (forward points) of foreign exchange hedging implemented to hedge the exposures in foreign currency arising from commercial contracts and from hedging of intercompany financial positions. In addition, it includes the inefficiency part of the Bombardier Transportation acquisition hedging amounting to €(19) million.

The net financial expense from employee defined benefit plans of €(17) million represents the interest costs on obligations net of interest income from fund assets calculated using the same discount rate.

The financial component of €11 million is the recognition of financial revenue under IFRS 15 for a specific project.

Other net financial income/expenses of €(31) million include mainly bank fees, commitment fees paid on bonds and guarantees facilities, syndicated loans and revolving facilities.

NOTE 8. TAXATION

The Group computes taxes in accordance with prevailing tax legislation in the countries where income is taxable.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Temporary differences arising between the carrying amount and the tax base of assets and liabilities, unused tax losses and unused tax credits are identified for each taxable entity (or each tax group when applicable). Corresponding deferred taxes are calculated at the enacted or substantively enacted tax rates that are expected to apply in the period when the asset is realised or the liability settled.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available in the future against which the deductible differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences, with the exception of certain taxable temporary differences between the Group's share in the net assets in subsidiaries, joint arrangements and associates and their tax bases. The most common situation when such exception applies relates to undistributed profits of subsidiaries where distribution to the shareholders would trigger a tax liability: when the Group has determined that profits retained by the subsidiary will not be distributed in the foreseeable future, no deferred tax liability is recognised. Nevertheless, the exception is no more applicable to investments/subsidiaries being disposed since it becomes probable that the temporary difference will reverse in the foreseeable future with the sale of the subsidiaries. Therefore, in this specific case, deferred tax liabilities are recognised.

Deferred tax assets and liabilities are offset when both of the following conditions are met:

- the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

Deferred tax is charged or credited to net income, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is classified in other comprehensive income.

8.1. Analysis of income tax charge

The following table summarises the components of income tax charge:

<i>(in € million)</i>	Year ended	
	At 31 March 2021	At 31 March 2020
Current income tax charge	(135)	(61)
Deferred income tax charge	72	(57)
INCOME TAX CHARGE	(63)	(118)

The following table provides reconciliation from the income tax charge valued at the French statutory rate to the actual income tax charge, free of the temporary additional contributions:

<i>(in € million)</i>	Year ended	
	At 31 March 2021	At 31 March 2020
Pre-tax income	232	469
Statutory income tax rate of the parent company	32.02%	34.43%
Expected tax charge	(74)	(162)
Impact of:		
• difference between normal tax rate applicable in France and normal tax rate in force in jurisdictions outside France	6	16
• changes in unrecognised deferred tax assets	(3)	(16)
• changes in tax rates	(1)	2
• additional tax expenses (withholding tax, CVAE in France and IRAP in Italy)	(30)	(25)
• permanent differences and other	39	67
INCOME TAX CHARGE	(63)	(118)
Effective tax rate	27%	25%

8.2. Deferred tax assets and liabilities

<i>(in € million)</i>	Year ended	
	At 31 March 2021	At 31 March 2020
Deferred tax assets	541	234
Deferred tax liabilities	(108)	(17)
DEFERRED TAX ASSETS, NET	433	217

The following table summarises the significant components of the Group's net deferred tax assets:

<i>(in € million)</i>	At 31 March 2020	Change in P&L	Change in equity	Scope Variation ^(*)	Translation adjustments and other changes	At 31 March 2021
Differences between carrying amount and tax basis of tangible and intangible assets	28	(2)	-	(262)	-	(236)
Accruals for employee benefit costs not yet deductible	19	-	(7)	44	1	57
Provisions and other accruals not yet deductible	64	(19)	-	213	(6)	252
Differences in recognition of margin on "construction contracts"	14	16	-	73	3	106
Tax loss carry forwards	95	52	-	56	(1)	202
Other	(3)	25	(1)	28	3	52
NET DEFERRED TAX ASSETS/ (LIABILITIES)	217	72	(8)	152	-	433

(*) Scope variation is mainly due to Bombardier Transportation's acquisition (see Note 1.1.).

<i>(in € million)</i>	At 31 March 2019	Change in P&L	Change in equity	Translation adjustments and other changes	At 31 March 2020
Differences between carrying amount and tax basis of tangible and intangible assets	39	(12)	-	1	28
Accruals for employee benefit costs not yet deductible	23	3	(4)	(3)	19
Provisions and other accruals not yet deductible	75	(8)	-	(3)	64
Differences in recognition of margin on "construction contracts"	3	12	-	(1)	14
Tax loss carry forwards	144	(41)	-	(8)	95
Other	(6)	(10)	3	10	(3)
NET DEFERRED TAX ASSETS/ (LIABILITIES)	278	(56)	(1)	(4)	217

The review of the extrapolation of the latest three-year business plan leads to a reasonable assurance on the utilization of net deferred tax assets within a maximum period of 5 years in accordance with the Group's strategy, for an amount of €433 million at the end of March 2021, mainly in France and the United States for an amount of €217 million.

At 31 March 2021, based on the best estimate of operating and taxable results, the net deferred tax assets relating to tax loss carry forwards and deductible temporary differences recognised in the balance sheet in France amount to €66 million out of a total of €656 million including €424 million on tax losses. Tax losses can be carried forward indefinitely in France on 50% of taxable income of the year.

In the United States, the deferred tax assets relating to tax loss carry forwards are recognised for a total amount of €122 million out of a total of €169 deferred tax assets relating to tax loss carry forwards. From 2018 onwards, the tax losses generated can be carried forward indefinitely.

Unrecognised deferred tax assets amount to €2,211 million at 31 March 2021 (€1,120 million at 31 March 2020). The increase of unrecognised deferred tax assets over the period ended 31 March 2021 is mainly due to Bombardier Transportation's acquisition.

Most of these unrecognised deferred taxes are originated from tax losses carried forward (€1,388 million at 31 March 2021 and €800 million at 31 March 2020), out of which €957 million are not subject to expiry at 31 March 2021 (€623 million at 31 March 2020).

NOTE 9. FINANCIAL STATEMENTS OF DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

The results and cash flows of discontinued operations are presented on a separate line in the consolidated income statement and statement of cash flows for each period.

The Group decides whether a discontinued operation represents a major line of business or geographical area of operations based on both qualitative criteria (technology, market, products, geographic region) and quantitative criteria (revenue, earnings, cash flows, assets). If the assets held by a discontinued operation are classified as held for sale they are measured at the lower of their carrying amount and fair value less costs to sell.

In compliance with IFRS 5, the Group applies the following specific measurements which impact the consolidated financial statements:

- discontinued operations (including non-current assets, current assets and the related liabilities classified as held for sale), as a whole, are measured at the lower of their carrying amount and fair value less costs to sell;
- consequently, goodwill, tangible and intangible assets are no longer reviewed for impairment;
- the exception of IAS 12 consisting in not recognising mechanical deferred taxes resulting from the difference between tax and consolidated values of the investments/subsidiaries being disposed is no more applicable since it becomes probable that the temporary difference will reverse in the foreseeable future with the sale of the subsidiaries. Thus, deferred tax liabilities are recognised with an income statement impact presented within the "Net profit from discontinued operations";
- amortisation on non-current assets classified as "assets held for sale" ceases at the date of IFRS 5 application;
- costs specifically incurred in the context of the deal are presented in the P&L within the "Net profit from discontinued operations";
- all intercompany balance-sheet and income statement positions are eliminated.

9.1. Discontinued Operations

The line “Net profit from discontinued operations”, recognized in the Consolidated Income Statement, includes the reassessment of liabilities related to the disposal of previous activities. Over the fiscal year ended 31 March 2021, Alstom recognized a profit for €7 million.

Alstom’s Consolidated Statement of Cash Flows takes into account the cash flows of staggered and delayed transferred assets, and costs directly related to the sale of Energy activities. Cash flows arising from discontinued operations for the fiscal year amount to €(8) million.

In the context of the General Electric transaction, the release of some conditional and unconditional parent company guarantees formerly issued, mainly by Alstom Holdings SA, to cover obligations of the former Energy affiliates amount of €5.7 billion. The Group benefits from a general indemnification from General Electric in these matters.

9.2. Assets held for sale

As mentioned in Note 1.1, Alstom considers that the conditions for the application of IFRS 5 are met with respect to the remedies in connection with Bombardier Transportation’s acquisition, even if this disposal is not yet finalized at 31 March 2021.

Therefore, the following assets and liabilities presented in Assets and Liabilities held for sale correspond to the divestment of:

- Alstom’s mainline Coradia Polyvalent platform and related production facility located in Reichshoffen in France;
- former Bombardier’s mainline Talent 3 platform, and part of related production facility located in Hennigsdorf in Germany;
- former Bombardier’s assets currently contributing to its joint very high-speed platform with Hitachi, the “Zefiro V300”.

The two first divestments are expected to be disposed together in a single transaction and considered as a disposal group, whereas “Zefiro V300” will be address through another transaction.

Immediately before initial classification as held for sale as well as on subsequent remeasurements of this disposal group, carrying amounts of assets and liabilities are remeasured according to applicable IFRS 5. These considerations induced a reversal of a previously recognized (IAS 36) impairment for €47 million related to Reichshoffen long-lived assets.

Additionally, the group of assets held for sale considered for each transaction is measured at the lower of its carrying amount and fair value less costs to sell. A non-current asset, while part of disposal classified as held for sale, is neither depreciated nor amortized.

<i>(in € million)</i>	At 31 March 2021
Goodwill and Intangible assets ^(*)	49
Property, plant and equipment	49
Total non-current assets	98
Inventories & Contract assets	173
Trade receivables & other current assets	59
Total current assets	232
TOTAL ASSETS HELD FOR SALE	330

(*) Of which €27 million of goodwill.

<i>(in € million)</i>	At 31 March 2021
Total non-current liabilities	19
Current provisions and contract liabilities	523
Trade payables and Other current liabilities	75
Total current liabilities	599
TOTAL LIABILITIES HELD FOR SALE	617

As this disposal Group does not meet the definition of discontinued operations, Profit and Loss is presented within the current activities of the Group. The costs to sell this disposal group amount to €11 million at 31 March 2021.

NOTE 10. EARNINGS PER SHARE

Basic earnings per share are computed by dividing the period net profit (loss) before the financial cost (net of tax) of bonds reimbursable with shares, by the weighted average number of outstanding shares during the period increased by the weighted average number of shares to be issued on reimbursement of bonds reimbursable with shares (“ORA”).

Diluted earnings per share are computed by dividing the period net profit (loss) before the financial cost (net of tax) of bonds redeemable into shares, by the weighted average number of outstanding shares during the period adjusted in order to take into consideration all dilutive instruments (ORA, stock options, free shares).

10.1. Earnings

<i>(in € million)</i>	Year ended	
	At 31 March 2021	At 31 March 2020
Net Profit attributable to equity holders of the parent:		
• from continuing operations	240	446
• from discontinued operations	7	21
EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	247	467

10.2. Number of shares

<i>(in number of shares)</i>	Year ended	
	At 31 March 2021	At 31 March 2020
Weighted average number of ordinary shares used to calculate basic earnings per share	262,142,375	224,491,689
Effect of dilutive instruments other than bonds reimbursable with shares:		
• stock options and performance shares (LTI plan)	1,455,955	2,080,594
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES USED TO CALCULATE DILUTED EARNINGS PER SHARES	263,598,330	226,572,283

10.3. Earnings per share

<i>(in €)</i>	Year ended	
	At 31 March 2021	At 31 March 2020
Basic earnings per share	0.94	2.08
Diluted earnings per share	0.94	2.06
Basic earnings per share from continuing operations	0.92	1.99
Diluted earnings per share from continuing operations	0.91	1.97
Basic earnings per share from discontinued operations	0.02	0.09
Diluted earnings per share from discontinued operations	0.03	0.09

E. NON-CURRENT ASSETS

NOTE 11. GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets with indefinite useful lives are reviewed for impairment at least annually and whenever events or circumstances indicate that they might be impaired. Such events or circumstances are related to significant, unfavourable changes that are of a lasting nature and affect either the economic environment or the assumptions or the targets adopted as of the acquisition date. An impairment loss is recognised when the recoverable value of the assets tested becomes lower than their carrying value.

In the Group, goodwill cannot be allocated on a non-arbitrary basis to individual cash-generating units, but only to groups of cash-generating units. As a result, the lowest level within the

entity at which the goodwill is monitored for internal management purposes comprises a number of cash-generating units to which the goodwill relates, but to which it cannot be allocated.

Due to the organization and the increasing number of integrated services leading to complete and global turnkey solutions, financial information issued is presented through various axes of analysis (regions, sites, contracts, functions, products). Free Cash Flow, basis of the impairment tests of goodwill is only relevant at Group level.

Therefore, goodwill acquired in case of business combinations is only monitored and ultimately tested at Group level.

11.1. Goodwill

<i>(in € million)</i>	At 31 March 2020	Acquisition and adjustments on preliminary goodwill	Disposals	Translation adjustments and other changes	At 31 March 2021
GOODWILL	1,567	7,691	-	(58)	9,200
<i>of which:</i>					
Gross value	1,567	7,691	-	(58)	9,200
Impairment	-	-	-	-	-

Movements over the period mainly arose from:

- the acquisition of Bombardier Transportation for €7.6 billion (see Note 1.1);
- the acquisitions of IBRE SAS, B&C Transportation and RSB BV for a total amount of €43 million (see Note 1.2);
- the reclassification of the site of Reichshoffen in assets held for sale for €(27) million (see Note 9).

Goodwill impairment test

As of 31 March 2021, Alstom tested the value of goodwill applying valuation methods consistent with previous years. Alstom ensured that the recoverable amount exceeded its carrying value (including goodwill).

Presentation of key assumptions used for the determination of recoverable amounts

The value in use is determined as the discounted value of future cash flows by using cash flow projections for the next three years consistent with the Group's internal business plan, the extrapolation of the two following years and the most recent forecasts prepared by the Group.

The value in use is mainly driven by the terminal value which is particularly sensitive to changes in the assumptions on the discount rate after tax, the long-term growth rate and the terminal value Adjusted EBIT margin (corresponding to the ratio "aEBIT" over Sales).

Alstom has opted for the inclusion of the share in net income of the equity-accounted investments into the aEBIT when these are considered to be part of the operating activities of the Group (because there are significant operational flows and/or common project execution with these entities). This mainly includes Chinese joint-ventures, namely CASCO joint-venture for Alstom as well as, following the integration of Bombardier Transportation, Bombardier Sifang (Qingdao) Transportation Ltd., Bombardier NUG Propulsion System Co. Ltd. and Changchun Bombardier Railway Vehicles Company Ltd.

The indicator "aEBIT" corresponds to Earning Before Interests and Tax adjusted with the following elements:

- net restructuring expenses (including rationalization costs);
- tangibles and intangibles impairment;
- capital gains or loss/revaluation on investments disposals or controls changes of an entity;
- any other non-recurring items, such as some costs incurred to realize business combinations and amortisation of an asset exclusively valued in the context of business combination, as well as litigation costs that have arisen outside the ordinary course of business;
- and including the share in net income of the operational equity-accounted investments.

A non-recurring item is a "one-off" exceptional item that is not supposed to occur again in following years and that is significant.

The main assumptions used to assess the recoverable amounts of goodwill are as follows:

Net carrying amount of goodwill at 31 March 2021 (in € million)	9,200
Value elected as representative of the recoverable value	value in use
Number of years over which cash flow estimates are available	3 years
Extrapolation period of cash flow estimates	2 years
Long-term growth rate at 31 March 2021	2.5%
Long-term growth rate at 31 March 2020	2.5%
After tax discount rate at 31 March 2021^(*)	8.5%
After tax discount rate at 31 March 2020 ^(*)	8.5%

(*) The application of pre-tax discount rates to pre-tax cash flows leads to the same valuation of Cash Generating Units.

Discount rate is based on weighted average cost of capital (WACC) which is calculated for the Group based on a risk-free rate and a market risk premium. The current market assessment of the risks specific to Group

activity is reflected by taking into account specific peer group information on industry beta, leverage and cost of debt. The parameters for calculating the discount rate are based on external sources of information.

Sensitivity of the values in use to key assumptions can be presented as follows:

(in € million)

aEBIT Margin	-25 bp	+25 bp
	(505)	505
After tax discount rate	-25 bp	+25 bp
	954	(878)
Long-term growth rate	-10 bp	+10 bp
	(277)	287

The events linked to Covid-19 led the Group to take into consideration the global economy downturn and recent market conditions and to draw up business plan used for the impairment test performed in the frame of the preparation of the Group's consolidated financial statements, based on its best reasonable estimates and the visibility available for its operations at 31 March 2021.

The impairment tests confirmed that the recoverable amount comfortably exceeds its carrying value at 31 March 2021. Some enlarged sensitivity analysis were performed with regards to key assumptions that would not lead to an impairment loss as the recoverable amount would still exceed its carrying value.

11.2. Intangible assets

Intangible assets include acquired intangible assets (such as technology and licensing agreements) and internally generated intangible assets (mainly development costs).

Acquired intangible assets

Acquired intangible assets are initially measured at cost and amortised on a straight-line basis over their estimated useful lives. Useful lives can extend to 20 years due to the long-term nature of the underlying contracts and activities. The amortisation expense of assets acquired through ordinary transactions is recorded in cost of sales, research and development expenditure, selling or administrative expenses, based on the function of the underlying assets. The amortisation expense of assets exclusively acquired in the context of a business combination is recognized in costs of sales for backlog, product and project as well as customer relationships and in R&D for acquired technology (formerly in other expenses).

Internally generated intangible assets

Development costs are capitalised if and only if the project they relate to meet the following criteria:

- the project is clearly defined and its related costs are separately identified and reliably measured;
- the technical feasibility of the project is demonstrated;
- the intention exists to complete the project and to use or sell it;
- adequate technical and financial resources are available to complete the project;
- it is probable that the future economic benefits attributable to the project will flow to the Group.

Capitalised development costs are costs incurred directly attributable to the project (materials, services, fees...), including an appropriate portion of relevant overheads.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life of the asset. The amortisation charge is reported in research and development expenses.

<i>(in € million)</i>	At 31 March 2020	Additions/ disposals/ amortisation/ impairment	Scope Variation ⁽¹⁾	Other changes including translation adjustments ⁽²⁾	At 31 March 2021
Development costs	1,361	106	-	(56)	1,411
Other intangible assets	460	4	2,540	36	3,040
Gross value	1,821	110	2,540	(20)	4,451
Development costs	(1,054)	(92)	-	57	(1,089)
Other intangible assets	(297)	(74)	(175)	(16)	(562)
Amortisation and impairment	(1,351)	(166)	(175)	41	(1,651)
Development costs	307	14	-	1	322
Other intangible assets	163	(70)	2,365	20	2,478
NET VALUE	470	(56)	2,365	21	2,800

(1) Scope variation is mainly due to Bombardier Transportation's acquisition (see Note 1.1).

(2) Other changes includes IFRS5 reclassification (see Note 9).

<i>(in € million)</i>	At 31 March 2019	Additions/ disposals/ amortisation/ impairment	Other changes including translation adjustments	At 31 March 2020
Development costs	1,283	79	(1)	1,361
Other intangible assets	457	12	(9)	460
Gross value	1,740	91	(10)	1,821
Development costs	(1,000)	(56)	2	(1,054)
Other intangible assets	(270)	(27)	-	(297)
Amortisation and impairment	(1,270)	(83)	2	(1,351)
Development costs	283	23	1	307
Other intangible assets	187	(15)	(9)	163
NET VALUE	470	8	(8)	470

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss. When an item of property, plant and equipment is made up of components with different useful lives, the total cost is allocated between the various components. Components are then separately depreciated.

Depreciation is computed using the straight-line method over the estimated useful lives of each component. The useful lives most commonly used are the following:

	Estimated useful life <i>(in years)</i>
Buildings	7-40
Machinery and equipment	3-25
Tools, furniture, fixtures and others	1-10

Useful lives are reviewed on a regular basis and changes in estimates, when relevant, are accounted for on a prospective basis. The depreciation expense is recorded in cost of sales, selling expenses or administrative expenses, based on the function of the underlying assets.

Borrowing costs that are attributable to an asset whose construction period exceeds one year are capitalised as part of the costs of the asset until the asset is substantially ready for use or sale.

When the Group is the lessee, leases (except short-term leases and leases of low-value assets below €5,000 when new, for which rentals payable are charged to profit or loss on a straight-line basis over the term of the relevant lease) are recognized as a Right-of-Use asset in Property, plant and equipment at the date at which the leased asset is available for use. The corresponding liability to the lessor is included in the balance sheet as a financing obligation. Lease payments are apportioned between finance charges and repayment

of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

The cost of Right-of-Use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received as well as any restoration costs if an obligation is identified. Generally, Right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Nevertheless, when the lease transfers ownership of the underlying asset to the lessee

by the end of the lease term or the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Right-of-Use assets may be subject to impairment.

When the Group is the lessor, assets under operating leases, are also included in Property plant and equipment. Lease income from operating leases is recognized on a straight-line basis over the term of the lease.

<i>(in € million)</i>	At 31 March 2020	Additions/ amortisation/ impairment	Disposals	Scope variation ⁽¹⁾	Other changes including translation adjustments ⁽²⁾	At 31 March 2021
Land	95	-	(1)	183	(1)	276
Buildings	1,445	80	(8)	1,113	(36)	2,594
Machinery and equipment	907	49	(42)	985	15	1,914
Constructions in progress	135	76	(1)	49	(106)	153
Tools, furniture, fixtures and other	225	15	(10)	91	9	330
Gross value	2,807	220	(62)	2,421	(119)	5,267
Land	(6)	-	-	(8)	-	(14)
Buildings	(600)	(107)	6	(489)	47	(1,143)
Machinery and equipment	(664)	(72)	41	(645)	24	(1,316)
Constructions in progress	(3)	-	-	-	-	(3)
Tools, furniture, fixtures and other	(163)	(36)	9	(65)	14	(241)
Amortisation and impairment	(1,436)	(215)	56	(1,207)	85	(2,717)
Land	89	-	(1)	175	(1)	262
Buildings	845	(27)	(2)	624	11	1,451
Machinery and equipment	243	(23)	(1)	340	39	598
Constructions in progress	132	76	(1)	49	(106)	150
Tools, furniture, fixtures and other	62	(21)	(1)	26	23	89
NET VALUE	1,371	5	(6)	1,214	(34)	2,550

(1) Scope variation is mainly due to Bombardier Transportation's acquisition (see Note 1.1).

(2) Other changes includes IFRS 5 reclassification (see Note 9).

The commitments of fixed assets amount to €43 million at 31 March 2021 (respectively €56 million at 31 March 2020), of which €22 million are related to leased assets (respectively none at 31 March 2020).

<i>(in € million)</i>	At 31 March 2019	IFRS 16 First application	Additions/ amortisation/ impairment	Disposals	Other changes including translation adjustments	At 31 March 2020
Land	92	4	2	(3)	-	95
Buildings	950	349	146	(19)	19	1,445
Machinery and equipment	852	14	53	(22)	10	907
Constructions in progress	149	-	84	-	(98)	135
Tools, furniture, fixtures and other	217	25	12	(22)	(7)	225
Gross value	2,260	392	297	(66)	(76)	2,807
Land	(9)	-	-	3	-	(6)
Buildings	(494)	(12)	(126)	19	13	(600)
Machinery and equipment	(635)	-	(62)	20	13	(664)
Constructions in progress	(3)	-	-	-	-	(3)
Tools, furniture, fixtures and other	(166)	-	(22)	21	4	(163)
Amortisation and impairment	(1,307)	(12)	(210)	63	30	(1,436)
Land	83	4	2	-	-	89
Buildings	456	337	20	-	32	845
Machinery and equipment	217	14	(9)	(2)	23	243
Constructions in progress	146	-	84	-	(98)	132
Tools, furniture, fixtures and other	51	25	(10)	(1)	(3)	62
NET VALUE	953	380	87	(3)	(46)	1,371

Property, Plant and Equipment balances include Right-of-Use related to Leased Assets for the following amounts:

<i>(in € million)</i>	At 31 March 2020	Additions/ amortisation/ impairment	Disposals	Scope Variation ⁽¹⁾	Other changes of which translation adjustments ⁽²⁾	At 31 March 2021
Land	6	-	-	3	-	9
Buildings	463	59	(21)	180	(1)	680
Machinery and equipment	20	5	(2)	2	-	25
Tools, furniture, fixtures and other	33	11	(7)	8	(1)	44
Gross value	522	75	(30)	193	(2)	758
Buildings	(98)	(81)	16	-	(1)	(164)
Machinery and equipment	(8)	(5)	2	-	1	(10)
Tools, furniture, fixtures and other	(12)	(13)	7	-	(1)	(19)
Amortisation and impairment	(118)	(99)	25	-	(1)	(193)
Land	6	-	-	3	-	9
Buildings	365	(22)	(5)	180	(2)	516
Machinery and equipment	12	-	-	2	1	15
Tools, furniture, fixtures and other	21	(2)	-	8	(2)	25
NET VALUE	404	(24)	(5)	193	(3)	565

(1) Scope variation is mainly due to Bombardier Transportation's acquisition (see Note 1.1).

(2) Other changes includes IFRS 5 reclassification (see Note 9).

<i>(in € million)</i>	At 31 March 2019	IFRS 16 First application	Additions/ amortisation/ impairment	Disposals	Other changes of which translation adjustments	At 31 March 2020
Land	-	4	2	-	-	6
Buildings	30	350	96	-	(13)	463
Machinery and equipment	4	14	2	-	-	20
Tools, furniture, fixtures and other	2	24	8	-	(1)	33
Gross value	36	392	108	-	(14)	522
Buildings	(18)	(12)	(74)	-	6	(98)
Machinery and equipment	(4)	-	(4)	-	-	(8)
Tools, furniture, fixtures and other	(1)	-	(12)	-	1	(12)
Amortisation and impairment	(23)	(12)	(90)	-	7	(118)
Land	-	4	2	-	-	6
Buildings	12	338	22	-	(7)	365
Machinery and equipment	-	14	(2)	-	-	12
Tools, furniture, fixtures and other	1	24	(4)	-	-	21
NET VALUE	13	380	18	-	(7)	404

NOTE 13. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

FINANCIAL INFORMATION

<i>(in € million)</i>	Share in equity		Share of net income	
	At 31 March 2021	At 31 March 2020	Year ended at 31 March 2021	Year ended at 31 March 2020
TMH Limited	480	469	44	66
Bombardier Sifang (Qingdao) Transportation Ltd	400	-	2	-
Other Associates	248	137	43	39
Associates	1,128	606	89	105
Bombardier NUG Propulsion System Co. Ltd.	148	-	2	-
SpeedInnov JV	101	86	(9)	(3)
Other Joint ventures	89	1	1	-
Joint ventures	338	87	(6)	(3)
TOTAL	1,466	693	83	102

MOVEMENTS DURING THE PERIOD

<i>(in € million)</i>	At 31 March 2021	At 31 March 2020
Opening balance	693	711
Share in net income of equity-accounted investments after impairment	83	102
Dividends	(55)	(80)
Acquisitions ⁽¹⁾	27	56
Scope Variations ⁽²⁾	713	-
Translation adjustments and other	5	(96)
CLOSING BALANCE	1,466	693

(1) Capital increase in Speed Innov joint-venture in June 2020 (see Note 1.2).

(2) Scope variations consist in the acquisition of Bombardier Transportation's Associates and Joint Ventures (see Note 1.1).

13.1. TMH Limited

For practical reason, to be able to get timely and accurate information, data as of 31 December 2020 and 31 December 2019 are retained and booked within Alstom's 31 March 2021 and 31 March 2020 accounts. The length of the reporting periods and any difference between the ends of the reporting periods remain the same from period to period to allow

comparability and consistency. The summarized financial information (at 100%) presented below are the figures disclosed in the financial statements of TMH Limited at 31 December 2020 and 31 December 2019 and are established in accordance with IFRS. These financial statements, established in Rubles, were converted to euros based on the rates used by the Group at 31 March 2021 and 31 March 2020.

BALANCE SHEET

<i>(in € million)</i>	TMH Limited	TMH Limited
	At 31 December 2020	At 31 December 2019
Non-current assets	3,424	3,335
Current assets	2,452	1,851
TOTAL ASSETS	5,876	5,186
Equity-attributable to the owners of the parent company	2,626	2,601
Equity-attributable to non-controlling interests	258	206
Non current liabilities	1,189	865
Current liabilities	1,803	1,514
TOTAL EQUITY AND LIABILITIES	5,876	5,186
Equity interest held by the Group	20%	20%
NET ASSET	525	520
Goodwill	37	38
Impairment of share in net asset of equity investments	(30)	(30)
Other ^(*)	(52)	(59)
CARRYING VALUE OF THE GROUP'S INTERESTS	480	469

(*) Corresponds to the restatements to TMH historical value before the combined operation, as at 30 June 2018.

INCOME STATEMENT

<i>(in € million)</i>	TMH Limited	TMH Limited
	Year ended 31 December 2020	Year ended 31 December 2019
Sales	4,569	5,406
Net income from continuing operations	221	315
Share of non-controlling interests	(10)	(27)
Net income attributable to the owners of the parent company	211	288
Equity interest held by the Group	20%	20%
SHARE IN THE NET INCOME	42	58
Total share in the net income	42	58
Other items ^(*)	2	8
GROUP'S SHARE IN THE NET INCOME	44	66

(*) Correspond to the fair value restatements calculated at the time of acquisition.

13.2. Bombardier Sifang (Qingdao) Transportation Ltd

The table below presents the management summarized financial information (at 100%) of Bombardier Sifang (Qingdao) Transportation Ltd at 31 March 2021:

BALANCE SHEET

<i>(in € million)</i>	BST Ltd
	At 31 March 2021
Non-current assets	296
Current assets	1,173
TOTAL ASSETS	1,469
Equity-attributable to the owners of the parent company	675
Current liabilities	793
TOTAL EQUITY AND LIABILITIES	1,468
Equity interest held by the Group	50%
NET ASSET	338
Preliminary goodwill	62
CARRYING VALUE OF THE GROUP'S INTERESTS	400

INCOME STATEMENT

<i>(in € million)</i>	BST Ltd
	From 29 January 2021 to 31 March 2021
Sales	36
Net income from continuing operations	4
Net income attributable to the owners of the parent company	4
Equity interest held by the Group	50%
SHARE IN THE NET INCOME	2
Total share in the net income	2
GROUP'S SHARE IN THE NET INCOME	2

13.3. Other Joint Ventures and Associates

The Group's investment in other associates comprises investment in Casco, held by the Group at 49%, for €145 million (of which €45 million of net profit) as well as other associates which are not significant on an individual basis. On aggregate, the net carrying value of Alstom's Investment represents €248 million as of 31 March 2021 (€137 million as of 31 March 2020).

NOTE 14. NON-CONSOLIDATED INVESTMENTS

Entities over which the Group has no significant influence or when the value is not material are not consolidated. The Group has expressed intention and ability to hold these Investments on a long term perspective and therefore these investments are considered as non-trading investments. The Group has elected for the portfolio of non-consolidated investments to record the change in fair value on these investments through Other Comprehensive Income with no subsequent recycling in income statement. They are initially measured at their fair value, plus directly attributable transaction costs and subsequently re-measured at fair value.

The fair value of listed securities is the market value at the closing date. A valuation model is used in case of unlisted securities. Changes in fair value are then directly recognised in other comprehensive income with no subsequent recycling in income statement. When the fair value cannot be determined reliably, investments in non-consolidated companies are measured at cost.

Besides, the Group has expressed intention and ability to hold all debt securities to maturity to collect the corresponding contractual cash flows. They are in that purpose measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect amounts expected not to be recoverable. An impairment loss is recognised in profit or loss when there is objective evidence that the asset should be impaired and is measured as the difference between the investment's carrying value and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses may be reversed through profit and loss in subsequent periods.

Finally, marketable securities are assets held for trading which cannot be considered as cash and cash equivalents. They are designated as financial assets at fair value through profit or loss. Changes in fair value are reported as financial income or expense.

MOVEMENTS DURING THE PERIOD

(in € million)

	At 31 March 2021	At 31 March 2020
Opening balance	60	64
Change in fair value	3	(6)
Acquisitions/disposals	14	2
CLOSING BALANCE	77	60

The Group's equity investment in other investments is not significant on an individual basis and notably comprises investments in companies that hold PPPs (public-private partnerships) agreements or have entered into concession agreements, typically for an ownership lower than 20%.

NOTE 15. OTHER NON-CURRENT ASSETS

Loans are initially measured at their fair value, plus directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method. Deposits are reported as other non-current assets when their initial maturity is more than three months and as cash and cash equivalents in case of demand deposits or when the initial maturity is less than three months.

If there is any indication that those assets may be impaired, they are reviewed for impairment. Any difference between the carrying value and the impaired value (net realisable value) is recorded as a financial expense. The impairment loss can be reversed if the value is recovered in the future. In that case, the reversal of the impairment loss is reported as a financial income.

Certain long-term contract receivables corresponding to incentive payments are classified as FV through P&L. Subsequent changes in the fair value of such financial instruments are recorded in financial expense (income).

Assets subject to finance leases, are initially recognized at an amount equal to the net investment in the lease and are included in financial non-current assets associated to financial debt. Interest income is recognized over the term of the applicable leases based on the effective interest rate method.

<i>(in € million)</i>	At 31 March 2021	At 31 March 2020
Financial non-current assets associated to financial debt ^(*)	165	177
Long-term loans, deposits and other	270	56
OTHER NON-CURRENT ASSETS	435	233

(*) These non-current assets relate to a long-term rental of trains and associated equipment to a London metro operator (see Note 27).

The increase of non-current assets over the exercise is mainly due to Bombardier Transportation's acquisition. The amount acquired at 29 January 2021 is €156 million (see Note 1.1).

F. WORKING CAPITAL

NOTE 16. WORKING CAPITAL ANALYSIS

<i>(in € million)</i>	At 31 March 2021	At 31 March 2020	Variation
Inventories	2,962	1,743	1,219
Contract assets	2,715	1,644	1,071
Trade receivables	2,299	1,581	718
Other current operating assets/(liabilities)	(1,551)	(528)	(1,023)
Contract liabilities	(5,457)	(3,148)	(2,309)
Provisions	(2,309)	(1,013)	(1,296)
Trade payables	(3,207)	(1,653)	(1,554)
WORKING CAPITAL	(4,548)	(1,374)	(3,174)

<i>(in € million)</i>	For the year ended at 31 March 2021
Working capital at the beginning of the period	(1,374)
Changes in working capital resulting from operating activities	985
Changes in working capital resulting from investing activities	(1)
Scope Variation ^(*)	(4,359)
Translation adjustments and other changes	201
Total changes in working capital	(3,174)
WORKING CAPITAL AT THE END OF THE PERIOD	(4,548)

(*) Scope variation is mainly due to Bombardier Transportation's acquisition (see Note 1.1).

NOTE 17. INVENTORIES

Raw materials and supplies, work in progress and finished products are stated at the lower of cost, using the weighted average cost method, or net realisable value.

Inventory cost includes direct material and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their existing location and condition.

Work in progress refers to costs incurred on product contracts or short term service contracts whose execution will be finalised during a next period. It refers also to costs incurred on "construction contracts" not yet allocated to projects at end of the closing period but transferred to project costs in subsequent periods when the asset becomes sufficiently customized and cannot be readily directed for another use.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

<i>(in € million)</i>	At 31 March 2021	At 31 March 2020
Raw materials and supplies	1,887	1,099
Work in progress	1,153	692
Finished products	142	146
Inventories, gross	3,182	1,937
Raw materials and supplies	(211)	(129)
Work in progress	(4)	(58)
Finished products	(5)	(7)
Write-down	(220)	(194)
INVENTORIES, NET	2,962	1,743

The increase of inventories over the period ended 31 March 2021 is mainly due to Bombardier Transportation's acquisition. The amount acquired at 29 January 2021 is €1,157 million (see Note 1.1)

NOTE 18. NET CONTRACT ASSETS/LIABILITIES

Aggregates called "contract assets" and "contract liabilities" are disclosed for "construction contracts" and long term service agreements in progress and are determined on a contract-by-contract basis. The aggregate "contract assets" corresponds to the unbilled part of revenues recognized to date net of the advance payments received from customers. Unbilled part of revenue corresponds to revenue recognized to date in excess of progress billings.

On the contrary, when progress billings are in excess of revenue recognized to date, the net amount is accounted for as deferred income and aggregated with the related advance payments received from customers under the caption "contract liabilities".

Some costs incurred in fulfilling a contract that are not falling under the scope of the standards dealing with intangible and tangible assets as well as inventories, should be accounted for under a new caption called "costs to fulfil a contract" when eligible to capitalization.

IFRS 9 acknowledges the recognition of the credit risk related to financial assets and especially trade receivables, based on the expected loss approach. The recognition model retained for contract assets is the general model that allows to estimate the risk within one year, as long as there is no sign of significant degradation of customer credit risk.

<i>(in € million)</i>	At 31 March 2021	At 31 March 2020	Variation
Cost to fulfil a contract	26	15	11
Contract assets	2,689	1,629	1,060
Total contract assets	2,715	1,644	1,071
Contract liabilities	(5,457)	(3,148)	(2,309)
NET CONTRACT ASSETS/(LIABILITIES)	(2,742)	(1,504)	(1,238)

The net increase of contract liabilities over the period ended 31 March 2021 is mainly due to Bombardier Transportation's acquisition. The net amount acquired at 29 January 2021 is €(2,676) million (see Note 1.1).

Net contract Assets/(Liabilities) include down payments as well as, in some specific cases, progress payments received in exchange of irrevocable and unconditional payment undertakings issued by the

customer. This transaction is analyzed as an advance payment received on behalf of the customer under the supply contract.

Total down payments represent an amount of €2,242 million at 31 March 2021⁽¹⁾ (€2,238 million at 31 March 2020), of which €245 million on specific advance payments (as described above).

(1) Former Bombardier Transportation figures not available.

NOTE 19. TRADE RECEIVABLES

A receivable is an entity's right to consideration that is unconditional. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due. Receivables are initially recognised at fair value, which in most cases approximates the nominal value. If there is any subsequent indication that those assets may be impaired, they are reviewed for impairment. Any difference between the carrying value and the impaired value (net realisable value) is recorded within Earnings Before Interests and Taxes. The impairment loss can be reversed if the value is recovered in the future. In that case, the reversal of the impairment loss is also reported within Earnings Before Interests and Taxes.

IFRS 9 acknowledges the recognition of the credit risk related to financial assets and especially trade receivables, based on the expected loss approach. The recognition model retained for trade receivables is the Simplified Approach "Lifetime Expected Credit Losses", as long as there is no sign of significant degradation of customer credit risk.

Indeed, due to the type of business operated by the Group, past due receivables are frequently representative of outstanding amounts confirmed by customers but whose payment is subject to clearance of items raised during inspection of works. Such receivables do remain fully recoverable; costs to be incurred for the clearance of pending items are included in the determination of the margin at completion of the related contracts.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the contractual rights in a transaction under which substantially all the risks and rewards of the financial assets are transferred.

(in € million)	Total	No past due on the closing date	Past due on the closing date		
			Less than 60 days	Between 60 and 180 days	More than 180 days
AT 31 MARCH 2021	2,299	1,632	164	82	421
• o/w gross	2,381	1,655	164	82	480
• o/w impairment	(82)	(23)	-	-	(59)
AT 31 MARCH 2020	1,581	1,265	104	31	181
• o/w gross	1,610	1,277	104	31	198
• o/w impairment	(29)	(12)	-	-	(17)

The increase of trade receivables over the period ended 31 March 2021 is mainly due to Bombardier Transportation's acquisition. The amount acquired at 29 January 2021 is €1,047 million (see Note 1.1).

NOTE 20. OTHER CURRENT OPERATING ASSETS

(in € million)	At 31 March 2021	At 31 March 2020
Down payments made to suppliers	237	63
Corporate income tax	64	85
Other taxes	488	326
Prepaid expenses	113	55
Other receivables	335	209
Derivatives relating to operating activities	280	207
Remeasurement of hedged firm commitments in foreign currency	396	247
OTHER CURRENT OPERATING ASSETS	1,913	1,192

The increase of other current operating assets over the period ended 31 March 2021 is mainly due to Bombardier Transportation's acquisition. The amount acquired at 29 January 2021 is €572 million (see Note 1.1).

Over the period ended 31 March 2021, the Group entered into an agreement of assignment of receivables that leads to the derecognition of tax receivables for an amount of €72 million in accordance with IFRS 9 criteria. The total disposed amount outstanding at 31 March 2021 is €150 million.

NOTE 21. OTHER CURRENT OPERATING LIABILITIES

<i>(in € million)</i>	At 31 March 2021	At 31 March 2020
Staff and associated liabilities	794	531
Corporate income tax	310	93
Other taxes	245	137
Deferred income	9	9
Trade payables with extended payment terms	408	-
Other payables	1,092	572
Derivatives relating to operating activities	400	199
Remeasurement of hedged firm commitments in foreign currency	206	179
OTHER CURRENT OPERATING LIABILITIES	3,464	1,720

The increase of other current operating liabilities over the period ended 31 March 2021 is mainly due to Bombardier Transportation's acquisition. The amount acquired at 29 January 2021 is €1,447 million (see Note 1.1).

Bombardier Transportation negotiated extended payment terms of 210 to 240 days after delivery with certain of its suppliers, that have the possibility to early finance their receivables through a supply chain financing program supported by third parties. Those third parties are not committed, and suppliers have the right to return to original payment terms for future payables upon providing a minimum notice period. The

Group considers that the balance of trade payables supported by the supply chain financing program does not have the nature of a financial debt as the extension of the payment terms are not contractually linked to the existence of the supply chain financing program. However, following IFRIC Update issued in December 2020, the Group decided to present the amounts of trade payables supported by the supply chain financing arrangement and exceeding regular payment terms on a dedicated line item of its balance sheet in the other current liabilities.

NOTE 22. PROVISIONS

As long as a "construction contracts" or a long-term service agreement is in progress, obligations attributable to such a contract are taken into account in the assessment of the margin to be recognised.

Upon completion of the contract, such obligations are recognised as distinct liabilities when they satisfy the following criteria:

- the Group has a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of economic resources will be required to settle the obligation; and
- such outflow can be reliably estimated.

These liabilities are presented as provisions when they are of uncertain timing or amount. When this uncertainty is dispelled, they are presented as trade payables or other current liabilities.

One exception is, in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Asset", the provisions on onerous contracts that are reported in current provisions, as soon as identified. The unavoidable costs to fulfil a contract considered in assessing whether a contract is onerous are all the costs that directly relate to that contract.

Obligations resulting from transactions other than "construction contracts" and long-term service agreements are directly recognised as provisions as soon as the above-mentioned criteria are met. Where the effect of the time value of money is material, provisions are measured at their present value.

Restructuring provisions are made when plans to reduce or close facilities, or to reduce the workforce have been finalised and approved by the Group management and have been announced before the closing date, resulting in an obligation of the Group to third parties. Restructuring costs include employees' severance and termination benefits and estimated facility closing costs. In addition to such provisions, restructuring costs may include asset write-off relating to the restructured activities

<i>(in € million)</i>	At 31 March 2020	Additions	Releases	Applications	Scope variation ⁽¹⁾	Translation adjustments and other ⁽²⁾	At 31 March 2021
Warranties	275	214	(50)	(119)	284	(13)	591
Risks on contracts	578	159	(171)	(261)	1,083	35	1,423
Current provisions	853	373	(221)	(380)	1,367	22	2,014
Tax risks & litigations	63	11	(4)	(1)	52	(5)	116
Restructuring	30	10	(1)	(25)	38	-	52
Other non-current provisions	67	13	(6)	(2)	54	1	127
Non-current provisions	160	34	(11)	(28)	144	(4)	295
TOTAL PROVISIONS	1,013	407	(232)	(408)	1,511	18	2,309

(1) Scope variation is mainly due to Bombardier Transportation's acquisition (see Note 1.1).

(2) Other changes includes IFRS 5 reclassification (see Note 9).

<i>(in € million)</i>	At 31 March 2019	Additions	Releases	Applications	Translation adjustments and other	At 31 March 2020
Warranties	227	144	(41)	(55)	-	275
Risks on contracts	620	190	(109)	(135)	12	578
Current provisions	847	334	(150)	(190)	12	853
Tax risks & litigations	165	22	(4)	(2)	(118)	63
Restructuring	43	13	(7)	(18)	(1)	30
Other non-current provisions	138	15	(41)	(28)	(17)	67
Non-current provisions	346	50	(52)	(48)	(136)	160
TOTAL PROVISIONS	1,193	384	(202)	(238)	(124)	1,013

Provisions for warranties relate to estimated costs to be incurred over the residual contractual warranty period on completed contracts.

Provisions for risks on contracts relate to provisions on contract losses and to commercial disputes and operating risks.

In relation to uncertain tax treatments and tax risks, the Group tax filings are subject to audit by tax authorities in most jurisdictions in which the Group operates. These audits may result in assessment of additional taxes that are subsequently resolved with the authorities or potentially through the courts. The Group believes that it has strong arguments against the questions being raised, that it will pursue all legal remedies to avoid an unfavourable outcome and that it has adequately provided for any risk that could result from those proceedings where it is probable that it will pay some amounts. Following IFRIC 23 application in April 2019, it is

reminded that liabilities for uncertainty over income tax treatments are now presented as tax liabilities on the line corporate income tax in the other current operating liabilities.

Restructuring provisions mainly derive from the adaptation of the means of production in certain countries, as Germany.

Other non-current provisions mainly relate to guarantees delivered or risks in connection with disposals, employee litigations, commercial disputes and environmental obligations.

The management identifies and analyses on a regular basis current litigations and other risks, using its best estimate to assess, when necessary, provisions. These estimates take into account information available and different possible outcomes. Main disputes are described in Note 33.

G. EQUITY AND DIVIDENDS

NOTE 23. EQUITY

When managing capital, objectives of the Group are to safeguard its ability to continue as a going concern so that it can provide returns to shareholders, bring benefits to its other partners and optimise the structure of the capital in order to reduce its cost.

To achieve this, the Group may choose to:

- adjust the amount of dividends paid to the shareholders;
- reimburse a portion of capital to the shareholders;
- issue new shares; or,
- sell assets in order to scale back its debt.

23.1. Movements in share capital

At 31 March 2021, the share capital of Alstom amounts to €2,598,412,551 consisting of 371,201,793 ordinary shares with a par value of €7 each. For the year ended 31 March 2021, the weighted average number of outstanding ordinary shares amounts to 262,142,375 after the dilutive effect of bonds reimbursable in shares "Obligations Remboursables en Actions" and to 263,598,330 after the effect of all dilutive instruments.

During the period ended 31 March 2021:

- 144,262,351 ordinary shares were issued under capital increase. It is composed by the rights issue completed on 7 December 2020 for 68,078,055 new ordinary shares and reserved share capital increase for 76,184,296 new ordinary shares on 29 January 2021 (see Note 1.1);
- 71,530 bonds reimbursable in shares "Obligations Remboursables en Actions" were converted into 4,466 shares at a par value of €7;
- 98,896 ordinary shares were issued under equity settled share-based payments;
- 862,298 ordinary shares were issued under long term incentive plans.

23.2. Currency translation adjustment in shareholders' equity

At 31 March 2021, the currency translation reserve amounts to €(611) million.

The currency translation adjustment, presented within the consolidated statement of comprehensive income for €14 million, primarily reflects the effect of variations of the British Pound (€36 million), US Dollar (€(35) million), Chinese Yuan (€17 million), Brazilian Real (€(17) million), Swedish Krona (€(15) million), against the Euro for the year ended 31 March 2021.

NOTE 24. DISTRIBUTION OF DIVIDENDS

As approved at the Combined Shareholders' Meeting on 8 July 2020, Alstom did not distribute dividend for fiscal year 2019/20 in the context of the sanitary crisis.

H. FINANCING AND FINANCIAL RISK MANAGEMENT

NOTE 25. OTHER CURRENT FINANCIAL ASSETS

As at 31 March 2021, other current financial assets comprise the positive market value of derivatives instruments hedging loans, deposits and Group cash pooling positions.

<i>(in € million)</i>	At 31 March 2021	At 31 March 2020
Derivatives related to financing activities and others	28	45
OTHER CURRENT FINANCIAL ASSETS	28	45

NOTE 26. CASH AND CASH EQUIVALENTS

Cash equivalents are held to meet short-term cash commitments. In order to be considered as cash equivalent, an investment must be convertible to a known amount of cash within the coming three months and subject to a negligible risk of change in value, thereby satisfying the requirements of IAS 7.

Cash and cash equivalents include all cash balances, certain term deposit accounts, negotiable debt instruments and monetary UCITS.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

<i>(in € million)</i>	At 31 March 2021	At 31 March 2020
Cash	1,095	1,060
Cash equivalents	155	1,115
CASH AND CASH EQUIVALENT	1,250	2,175

In addition to bank open deposits classified as cash for €1,095 million, the Group invests in cash equivalents mainly in term deposits that can be terminated at any time with less than three months notification period for an amount of €155 million (€262 million at 31 March 2020).

NOTE 27. FINANCIAL DEBT

Bonds and interest-bearing bank loans are initially recognised at fair value, less any transaction costs directly attributable to the issuance of the liability. These financial liabilities are subsequently measured at amortised cost, using the effective interest rate method.

The lease liability, when Alstom is the lessee, is measured at the present value of lease payments to be made over the lease term, discounted using the marginal borrowing rate of the lessee at the lease commencement date if the interest rate implicit in the lease cannot be readily determined. Lease payments include fixed

payments less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for termination of a lease when the lease term reflects the lessee exercising a termination option. Lease payments are apportioned between finance charges and repayment of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

<i>(in € million)</i>	At 31 March 2020	Cash movements	Non-cash movements		At 31 March 2021
		Net cash variation	Change in scope	Translation adjustments and other	
Bonds	694	739	-	1	1,434
Other borrowings	290	(1,114)	1,501	3	680
Derivatives relating to financing activities	57	(26)	21	10	62
Accrued interests ⁽¹⁾	1	(28)	-	28	1
Borrowings	1,042	(429)	1,522	42	2,177
Lease obligations⁽²⁾	596	(110)	193	72	751
TOTAL FINANCIAL DEBT	1,638	(539)	1,715	114	2,928

(1) Paid interests are disclosed in the net cash provided by operating activities part in the cash flow statement. Net interests paid and received amount to €(19) million and those related to lease obligations amount to €(9) million over the year.

(2) Lease obligations include obligations under long-term rental representing liabilities related to lease obligations on trains and associated equipment for €165 million at 31 March 2021 and €177 million at 31 March 2020 (see Note 15).

The change in borrowings over the period is mainly due to:

- the issuance in January 2021 of the 0.0% senior bonds maturing in January 2029 for a total amount of €750 million;
- the acquisition of Bombardier Transportation's financial debt (see Note 1.1) mainly consisting of:
 - a Revolving Credit Facility for €952 million and bank overdrafts for €74 million, repaid after the acquisition,
 - liabilities due to third-party advance providers for €453 million – Bombardier Transportation entered in the past into arrangements for one specific contract whereby payments (neither unconditional nor irrevocable) were received from third-party advance providers in exchange for the rights to customer payments. These amounts have been analyzed as financial debt and reclassified as such at the acquisition date for €240 million at 29 January 2021 (outstanding €218 million at 31 March 2021). This scheme is at its end and will fully disappear in the first quarter of the fiscal year 2022/23. Bombardier Transportation sold also some receivables. As these schemes do not comply with IFRS 9 criteria for derecognition, they were also reclassified at acquisition date as financial debt for €213 million and have been terminated before 31 March 2021;
- the issuance of commercial papers under the group NEU CP program for an amount of €174 million with maturities in September 2021 (€76 million issued as of March 2020).

The following table summarizes the significant components of the Group's bonds:

	Initial Nominal value (in € million)	Maturity date (dd/mm/yy)	Nominal interest rate	Effective interest rate	Accounting value at 31 March 2021	Market value at 31 March 2021
Alstom October 2026	700	14/10/2026	0.25%	0.38%	695	705
Alstom January 2029	750	11/01/2029	0.00%	0.18%	739	731
TOTAL AND WEIGHTED AVERAGE RATE			0.12%	0.28%	1,434	1,436

Other borrowings consist in banking facilities drawn by affiliates and in liabilities due to third-party advance providers as described above.

The value of the external financial debt split by currency is as follows:

(in € million)	At 31 March 2021	At 31 March 2020
Euro	2,044	1,110
Swiss Franc	227	-
British Pound	216	223
Indian Rupee	112	178
Canadian Dollar	62	7
Tenge kazakh	56	18
US Dollar	48	17
Australian Dollar	36	3
Algerian Dinar	29	43
South African Rand	25	24
Other currencies	73	15
FINANCIAL DEBT IN NOMINAL VALUE	2,928	1,638

The €227 million external debt in CHF is mainly due to third-party advance providers for €218 million that has been reclassified as financial debt as mentioned above.

The €216 million external debt in GBP is mainly explained by a €165 million long-term lease scheme of trains, involving London Underground. This lease in GBP is counter-balanced by long-term receivables recognised as non-current assets for the same amount, with the same maturity and also denominated in GBP (see Note 15 and above).

NOTE 28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

28.1. Financial instruments reported in the financial statements

The Group's financial liabilities encompass borrowings, trade and other payables.

The Group's financial assets include loans, trade and other receivables, other current assets and cash and cash equivalents.

The Group is exposed to volatility risk in currency and exchange rate, to credit and liquidity risks.

The main valuation methods applied are as follows:

- borrowings, when unhedged, are stated at amortised cost, determined by the effective interest rate method;

- the fair value of the financial debt is estimated based on either quoted market prices for traded instruments or current rates offered to the Group for debt of the same maturity;
- the fair value of cash, cash equivalents, trade receivables and trade payables is considered as being equivalent to carrying value, due to their short maturities, or their market value in the case of money market funds;
- the fair value of FX derivative instruments is calculated primarily on the basis of foreign exchange spot and forward rates at "mid-market" at closing date or alternatively on the basis of relevant yield curves per currency.

IFRS 13 application for "Fair Value Measurement", which requires counterparty risk to be taken into account in measuring derivative instruments, does not have a material impact on the Group's financial statements.

Year ended 31 March 2021

Balance sheet positions at 31 March 2021

At 31 March 2021 (in € million)	Balance sheet carrying amount	Carrying amount not defined as financial instruments	Carrying amount of financial instruments by categories ^(*)					Fair value of items classified as financial instruments			
			FV P/L	FV OCI	LRL at amortised cost	DER	Total	Listed prices	Internal model based on observable factors	Internal model not based on observable factors	Total
Non consolidated investments	77	-	-	77	-	-	77	-	20	57	77
Other non-current assets	435	135	70	-	230	-	300	-	300	-	300
Trade receivables	2,299	-	-	-	2,299	-	2,299	-	2,299	-	2,299
Other current operating assets	1,913	902	396	-	335	280	1,011	-	1,011	-	1,011
Other current financial assets	28	-	-	-	-	28	28	-	28	-	28
Cash and cash equivalents	1,250	-	-	-	1,250	-	1,250	-	1,250	-	1,250
ASSETS	6,002	1,037	466	77	4,114	308	4,965	-	4,908	57	4,965
Non-current borrowings	1,651	-	-	-	1,651	-	1,651	1,435	34	-	1,469
Non-current lease obligations	590	-	-	-	590	-	590	-	590	-	590
Current borrowings	526	-	-	-	464	62	526	-	526	-	526
Current lease obligations	161	-	-	-	161	-	161	-	161	-	161
Trade payables	3,207	-	-	-	3,207	-	3,207	-	3,207	-	3,207
Other current liabilities	3,464	1,358	206	-	1,500	400	2,106	-	2,106	-	2,106
LIABILITIES	9,599	1,358	206	-	7,573	462	8,241	1,435	6,624	-	8,059

(*) FV P/L stands for Fair Value through Profit and Loss; FV OCI stands for Fair Value through Other Comprehensive Income; LRL stands for Loans, Receivables and Liabilities and DER stands for Derivative instruments.

Financial income and expense arising from financial instruments for the year ended 31 March 2021

<i>(in € million)</i>	FV P/L	FV OCI	LRL at amortised cost & DER	Total
Interests	-	-	(19)	(19)
<i>Interest income</i>	-	-	4	4
<i>Interest expense</i>	-	-	(23)	(23)
Foreign currency and other	-	-	(34)	(34)
NET INCOME/EXPENSE FOR THE YEAR ENDED 31 MARCH 2021	-	-	(53)	(53)

Year ended 31 March 2020

Balance sheet positions at 31 March 2020

	Balance sheet carrying amount	Carrying amount not defined as financial instruments	Carrying amount of financial instruments by categories ^(*)					Fair value of items classified as financial instruments			
			FV P/L	FV OCI	LRL at amortised cost	DER	Total	Listed prices	Internal model based on observable factors	Internal model not based on observable factors	Total
At 31 March 2020 <i>(in € million)</i>											
Non consolidated investments	60	-	-	60	-	-	60	-	20	40	60
Other non-current assets	233	-	-	-	233	-	233	-	233	-	233
Trade receivables	1,581	-	-	-	1,581	-	1,581	-	1,581	-	1,581
Other current operating assets	1,192	529	247	-	209	207	663	-	663	-	663
Other current financial assets	45	-	-	-	-	45	45	-	45	-	45
Cash and cash equivalents	2,175	-	853	-	1,322	-	2,175	853	1,322	-	2,175
ASSETS	5,286	529	1,100	60	3,345	252	4,757	853	3,864	40	4,757
Non-current borrowings	772	-	-	-	772	-	772	662	78	-	740
Non-current lease obligations	465	-	-	-	465	-	465	-	465	-	465
Current borrowings	270	-	-	-	213	57	270	-	270	-	270
Current lease obligations	131	-	-	-	131	-	131	-	131	-	131
Trade payables	1,653	-	-	-	1,653	-	1,653	-	1,653	-	1,653
Other current liabilities	1,720	770	179	-	571	200	950	-	950	-	950
LIABILITIES	5,011	770	179	-	3,805	257	4,241	662	3,547	-	4,209

(*) FV P/L stands for Fair Value through Profit and Loss; FV OCI stands for Fair Value Through Other Comprehensive Income; LRL stands for Loans, Receivables and Liabilities and DER stands for Derivative instruments.

Financial income and expense arising from financial instruments for the year ended 31 March 2020

<i>(in € million)</i>	FV P/L	FV OCI	LRL at amortised cost & DER	Total
Interests	(2)	-	(42)	(44)
<i>Interest income</i>	(2)	-	7	5
<i>Interest expense</i>	-	-	(49)	(49)
Foreign currency and other	-	-	(24)	(24)
NET INCOME/EXPENSE FOR THE YEAR ENDED 31 MARCH 2020	(2)	-	(66)	(68)

28.2. Currency risk management

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency of the reporting unit and the foreign currency at the date of the transaction. Currency units held assets to be received and liabilities to be paid resulting from those transactions are re-measured at closing exchange rates at the end of each reporting period. Realised exchange gains or losses at date of payment as well as unrealised gains or losses deriving from re-measurement are recorded in the income statement.

Since the Group is exposed to foreign currency volatility, the Group puts in place a significant volume of hedges to cover this exposure. These derivatives are recognised on the balance sheet at their fair value at the closing date. Provided that the relationships between the foreign currency exposure and the related derivatives are qualifying relationships, the Group uses the specific accounting treatments designated as hedge accounting. A relationship qualifies for hedge accounting if, at the inception of the hedge, it is formally designated and documented and if it proves to be highly effective throughout the financial reporting periods for which the hedge was designated.

Hedging relationships are mainly corresponding to fair value hedge in case of hedge of the exposure attributable to recognised assets, liabilities or firm commitments.

Derivative are recognised and re-measured at fair value.

Fair value hedge

When fair value hedge accounting applies, changes in the fair value of derivatives and changes in the fair value of hedged items are both recognised in the income statement and offset each other up to the gain or loss on the effective portion on the hedging instrument.

Whatever the type of hedge, both the effective and ineffective portion on the hedging instrument are recognised in the income statement as well as realised and unrealised exchange gains and losses on hedged items and hedging instruments.

As the effective portion on the hedging instrument offsets the difference between the spot rate at inception of the hedge and the effective spot rate at the outcome of the hedge, sales and costs resulting from commercial contracts are recognised at the spot rate at inception of the hedge throughout the life of the related commercial contracts, provided that the corresponding hedging relationships keep on qualifying for hedge accounting.

For a large Transport project located in South Africa, the hedged firm commitments resulting from the commercial contract are recognised on a forward rate basis. Provided that the corresponding hedging relationship qualifies for hedge accounting, the change in fair value of the hedged items recorded at the project forward rate at inception offsets the change in fair value of the derivatives.

The Group uses export insurance policies to hedge its currency exposure on certain contracts during the open bid period. When commercial contracts are awarded, insurance instruments are settled and forward contracts are put in place and recorded according to the fair value hedge accounting as described above.

Derivatives relating to financing activity

Whenever possible, Alstom Holdings acts as an in-house bank for its affiliates through cash-pooling and loans/deposits agreements. The intercompany positions so generated are hedged through foreign exchange swaps, the cost of which is included in net cost of foreign exchange (see Note 7). The in-house bank of former Bombardier Transportation affiliates is Bombardier Transportation Treasury Canada Inc ("BTTCI"). BTTCI's intercompany positions are hedged using foreign exchange swaps contracted by Alstom Holdings.

At 31 March 2021, net derivatives positions amount to a net liability of €(34) million and comprise mainly forward sale contracts of US dollars, Swiss franc, and South African rand.

(in € million)	Net derivatives positions		2022		2023		2024-2026		2027 and thereafter	
	Net notional	Fair value	Interests	Repayment	Interests	Repayment	Interests	Repayment	Interests	Repayment
Currency 1/Currency 2 ^(*)										
EUR/GBP	(71)	(7)	-	(8)	-	(63)	-	-	-	-
EUR/USD	(99)	(10)	-	(99)	-	-	-	-	-	-
EUR/AUD	330	3	-	330	-	-	-	-	-	-
EUR/ZAR	(237)	(10)	-	(237)	-	-	-	-	-	-
EUR/CHF	(117)	(10)	-	(117)	-	-	-	-	-	-
EUR/BRL	(40)	-	-	(40)	-	-	-	-	-	-
EUR/PLN	(180)	5	-	(180)	-	-	-	-	-	-
Other		(5)								
NET DERIVATIVES RELATED TO FINANCING ACTIVITIES		(34)								

(*) Positive amount: the currency 2 is bought forward against currency 1. Negative amount: the currency 2 is sold forward against currency 1.

Derivatives hedging commercial activity

In the course of its operations, the Group is exposed to currency risk arising from tenders submitted in foreign currency, awarded contracts and any future cash out transactions denominated in foreign currency. The main currencies triggering a significant exposure as of 31 March 2021 are the Polish zloty, Brazilian real, South African rand, US dollar and Canadian dollar.

During the tender period, depending on the probability to obtain the project and on market conditions, the Group may hedge in some cases a portion of its tenders using options or export insurance policies. Once the contract is in force, forward exchange contracts are used to hedge the actual exposure during the life of the contract.

Forward currency contracts are denominated in the same currency as the hedged item. Generally, the tenor of hedging derivatives matches with the tenor of the hedged items. However, depending on market conditions, the Group may decide to enter into derivatives with shorter tenors and to roll them subsequently. Finally, in some cases, the Group can derogate from its hedging policy because of the cost of the hedge or absence of efficient market.

The portfolio of operating foreign exchange forward contracts has a weighted maturity around one year. However some forward contracts may mature beyond five years to reflect the long term nature of some hedged contracts. The Group hedges about forty different currencies with a multitude of crosses depending on which entity of the Group is exposed to the currency. Change in foreign exchange rate is compensated by the revaluation through Income Statement at fair market value on derivatives.

At 31 March 2021, net derivatives amount to a net liability of €120 million. They are summarized as follows:

<i>(in € million)</i>	Net derivatives positions		2022		2023		2024-2026		2027 and thereafter		
	Net notional	Fair value	Interests	Repayment	Interests	Repayment	Interests	Repayment	Interests	Repayment	
Currency 1/Currency 2 ^(*)											
EUR/USD	(323)	(4)	-	(147)	-	(121)	-	(37)	-	(18)	
EUR/CAD	(166)	(25)	-	(107)	-	(22)	-	(37)	-	-	
EUR/BRL	171	(21)	-	28	-	33	-	83	-	27	
EUR/ZAR	(175)	(20)	-	(175)	-	-	-	-	-	-	
EUR/PLN	986	(8)	-	543	-	235	-	191	-	17	
EUR/CHF	(715)	13	-	(533)	-	(99)	-	(38)	-	(45)	
EUR/QAR	(13)	(8)	-	(12)	-	(1)	-	-	-	-	
EUR/SAR	(110)	(10)	-	(10)	-	(10)	-	(21)	-	(69)	
EUR/SEK	(249)	(3)	-	(249)	-	-	-	-	-	-	
AUD/INR	249	(17)	-	71	-	96	-	39	-	43	
Other		(17)									
NET DERIVATIVES RELATED TO OPERATING ACTIVITIES		(120)									

(*) Positive amount: the currency 2 is bought forward against currency 1. Negative amount: the currency 2 is sold forward against currency 1.

Most of the hedging instruments are negotiated by Alstom Holdings and are mirrored by hedging agreements between Alstom Holdings and the exposed subsidiaries (with BTTCI being used as an intermediate pivot for ex- Bombardier Transportation affiliates). Whenever local regulations prohibit this intercompany hedging, instruments are negotiated directly by affiliates with local banks under the supervision of Group Treasury.

Overall derivatives positions

Derivative instruments hedging foreign currency risk are recognised at their fair value on the balance sheet as follows:

<i>(in € million)</i>	At 31 March 2021		At 31 March 2020	
	Assets	Liabilities	Assets	Liabilities
Derivatives qualifying for fair value hedge	308	462	252	256
<i>Of which derivatives relating to financing activities</i>	28	62	45	57
<i>Of which derivatives relating to operating activities</i>	280	400	207	199

Since derivatives have been set up, the change in foreign exchange spot rates, and to a lesser extent the relative change in interest rate curves relating to the hedged currencies, during the periods ended 31 March 2020 and 31 March 2021 explains the amount of fair value of derivative instruments (either positive or negative).

For instruments that qualify for fair value hedge accounting, change in fair value arising from spot rates is mostly offset by the re-measurement of the underlying exposure (either on balance sheet or off-balance sheet).

The sensitivity of the Group's pre-tax income to a change in currencies arising from derivative instruments not qualifying for hedge accounting is not significant.

With its banking counterparties, Alstom enters into bilateral standard derivatives agreements that generally do not provide a collateralization of derivatives market value.

These agreements generally require the offsetting of receivable and payable amounts in case of default of one of the contracting parties. These derivatives fall within the scope of disclosures under IFRS 7 on compensation and are presented in the tables below:

At 31 March 2021 (in € million)	Gross amounts of recognized financial assets/liabilities	Gross amounts of recognized financial assets/liabilities set off in the balance sheet	Net amount of financial assets/liabilities presented in the balance sheet	Related amount not set off in the balance sheet		
				Financial instruments	Cash collateral received	Net amount
Derivatives liabilities	(462)	-	(462)	(277)	-	(182)
Derivatives assets	308	-	308	277	-	31

At 31 March 2020 (in € million)	Gross amounts of recognized financial assets/liabilities	Gross amounts of recognized financial assets/liabilities set off in the balance sheet	Net amount of financial assets/liabilities presented in the balance sheet	Related amount not set off in the balance sheet		
				Financial instruments	Cash collateral received	Net amount
Derivatives liabilities	(256)	-	(256)	(181)	-	(75)
Derivatives assets	252	-	252	181	-	71

28.3. Interest rate risk management

The Group may enter into hedges for the purpose of managing its exposure in interest rate volatility. Derivatives are recognised on the balance sheet at fair value at the closing date. Providing that the relationships between the interest rate exposure and the related derivatives are qualifying relationships, the Group uses the specific accounting treatments designated as hedge accounting. Fair value hedge accounting and cash flow hedge accounting are applied to fixed and floating rate borrowings, respectively.

In the case of fair value hedge relationships, the re-measurement of the fixed rate borrowing is offset in the income statement by the movement in the fair value of the derivative up to the effective portion of hedged risk. In the case of cash flow hedging relationships, the change in fair value of the derivative is recognised directly in other comprehensive income. Amounts previously recognised directly in other comprehensive income are reclassified to the income statement, when the hedged risk impacts the income statement.

As at 31 March 2021, the Group keeps short dated floating rate financial assets on its balance sheet, while its debt is merely made of fixed rate bonds. The Group has not implemented an active interest rate risk management policy. However under the supervision of the Executive Committee, it may enter into transactions in order to hedge its interest rate risk on a case-by-case basis according to market opportunities.

At 31 March 2021 (in € million)	Fixed rate	Floating rate	Total
Financial assets	165	1,520	1,685
Financial debt bearing interests	(1,497)	(680)	(2,177)
Total position before hedging	(1,332)	840	(492)
Hedging position	-	-	-
TOTAL POSITION AFTER HEDGING	(1,332)	840	(492)

At 31 March 2020 (in € million)	Fixed rate	Floating rate	Total
Financial assets	177	2,231	2,408
Financial debt bearing interests	(752)	(290)	(1,042)
Total position before hedging	(575)	1,941	1,366
Hedging position	-	-	-
TOTAL POSITION AFTER HEDGING	(575)	1,941	1,366

Sensitivity is analysed based on the Group's net cash position at 31 March 2021, assuming that it remains constant over one year.

In absence of interest rate derivatives, the effects of increases or decreases in market rates are symmetrical: a rise of 0.1% would increase the net interest income by €2 million while a fall of 0.1% would decrease it by €2 million.

28.4. Credit risk management

Credit risk is the risk that counterparty will not meet its payment obligations under financial instrument or commercial contract, leading to a loss. The Group is exposed to credit risk on its operating activities (primarily for trade receivables and for contracts asset) and on its financing activities, including deposits, foreign currency hedging instruments and other financial instruments with banks and financial institutions.

Risk related to customers

The financial assets that are falling under the scope of IFRS 9 "Customer credit risk" are mainly concerning trade receivables (which are at short maturity) as well as contract assets under IFRS 15 (that have potentially longer maturities). The recognition model of the Expected Credit Losses (ECL) retained on these exposures is respectively the Simplified Approach "Lifetime Expected Credit Losses" for trade receivables and the general model that allows to estimate the risk within one year for contract assets, as long as there is no sign of significant degradation of customer credit risk. The Group believes that the risk of a counterpart failing to perform as contracted, which could have a significant impact on the Group's financial statements or results of operations, is limited because the Group seeks to ensure that customers generally have strong credit profiles or adequate dedicated financing to meet their project obligations, or can also be the subject of insurance policies taken out by the Group (see also Note 19). However, this mechanism of protection may become incomplete, uncertain or ineffective because of the duration of the Group's contract in a changing environment, particularly in emerging countries, leading to impairment losses determined considering a risk of non-recovery assessed on a case-by-case basis.

Risk related to other financial assets

In addition to the recovery of assets held for sale, the Group's exposure to credit risk related to other financial assets, especially derivatives, arises from default of the counterpart, with a maximum exposure equal to the carrying amount of those instruments. The financial instruments are taken out with more than 30 different counterparties and the risk is therefore highly diluted, the largest exposure with one single counterparty (rated A+) being limited to €(27) million.

28.5. Liquidity risk management

In addition to its available cash and cash equivalents, amounting to €1,250 million at 31 March 2021, the Group has consequently reinforced its liquidity through short term capabilities.

In the context of Bombardier Transportation's acquisition as well as Covid-19, Alstom has taken additional measures to bolster its liquidity.

The Group secured a €1.5 billion Revolving Credit Facility replacing Alstom's and Bombardier Transportation's existing revolving credit facilities. The new facility will have a five-year tenor with two one-year extension options.

In addition, Alstom secured early February a €1,750 million short term Revolving Credit Facility with an 18 months maturity, and two 6-month extension options at the borrower's discretion.

This additional €1,750 million RCF aims at stepping in for Alstom's €1.5 billion Negotiable European Commercial Paper program, should the Commercial Paper market no longer be accessible, in addition to providing an extra liquidity buffer.

With these decisions, the new group has significant liquidity available.

Treasury Centralization

Credit risk from balances with banks and financial institutions is managed by Group treasury in accordance with the Group's policy.

The Group diversifies its cash investments in order to limit its counterparty risk. In addition to short term deposits with tier-one banks, the Group invests in euro money market funds qualified as "monetary" or "monetary short term" under the AMF classification. Cash investments are reviewed on a regular basis in accordance with Group procedures and in strict compliance with the eligibility criteria set out in IAS 7 and the AMF's recommendations.

The Group's parent company has access to some cash held by wholly-owned subsidiaries through the payment of dividends or pursuant to intercompany loan arrangements. However local constraints can delay or restrict this access. Furthermore, while the Group's parent company has the power to control decisions of subsidiaries of which it is the majority owner, its subsidiaries are distinct legal entities and their payment of dividends and granting of loans, advances and other payments to the parent company may be subject to legal or contractual restrictions, be contingent upon their earnings or be subject to business or other constraints. These limitations include local financial assistance rules and corporate benefit laws.

The Group's policy is to centralise liquidity of subsidiaries at the parent company's level when possible. Cash available in subsidiaries located in countries with local constraints delaying or restricting the Group's access to this cash was €201 million at 31 March 2021 and €86 million at 31 March 2020.

Future Cash Flow

The Group's objective is to maintain a strong liquidity, commensurate with the changes in working capital triggered by its long term activity.

The following tables show the remaining maturities of all financial assets and liabilities held at 31 March 2021 and 31 March 2020.

Planning data for future new assets and liabilities are not reported. Amounts in foreign currency are translated at the closing rate. The variable interest payments are calculated using the last interest rates available at the closing date. Assets and liabilities that can be repaid at any time are always assigned to the earliest possible time period.

Financial instruments held at 31 March 2021

Cash flow arising from instruments included in net cash/(debt) at 31 March 2021

<i>(in € million)</i>	Carrying amount	2022		2023		2024-2026		2027 and thereafter	
		Interests	Repayment	Interests	Repayment	Interests	Repayment	Interests	Repayment
Other current financial assets	28	-	28	-	-	-	-	-	-
Cash and cash equivalents	1,250	-	1,250	-	-	-	-	-	-
Assets	1,278	-	1,278	-	-	-	-	-	-
Non-current borrowings	(1,651)	(2)	-	(2)	-	(2)	-	(2)	(1,651)
Current borrowings	(526)	(13)	(526)	-	-	-	-	-	-
Liabilities	(2,177)	(15)	(526)	(2)	-	(2)	-	(2)	(1,651)
NET CASH/(DEBT)	(899)	(15)	752	(2)	-	(2)	-	(2)	(1,651)

Cash flow arising from operating derivatives at 31 March 2021

<i>(in € million)</i>	Carrying amount	2022		2023		2024-2026		2027 and thereafter	
		Interests	Repayment	Interests	Repayment	Interests	Repayment	Interests	Repayment
Other current operating assets	280	-	230	-	29	-	20	-	1
Assets	280	-	230	-	29	-	20	-	1
Other current operating liabilities	(400)	-	(269)	-	(56)	-	(68)	-	(7)
Liabilities	(400)	-	(269)	-	(56)	-	(68)	-	(7)
DERIVATIVES	(120)	-	(39)	-	(27)	-	(48)	-	(6)

Cash flow arising from instruments included in other financial assets and liabilities at 31 March 2021

<i>(in € million)</i>	Carrying amount	2022		2023		2024-2026		2027 and thereafter	
		Interests	Repayment	Interests	Repayment	Interests	Repayment	Interests	Repayment
Non consolidated investments	77	-	-	-	-	-	-	-	77
Other non-current assets	270	-	-	-	-	-	-	-	270
Trade receivables	2,299	-	2,299	-	-	-	-	-	-
Other current operating assets	731	-	731	-	-	-	-	-	-
Assets	3,377	-	3,030	-	-	-	-	-	347
Trade payables	(3,207)	-	(3,207)	-	-	-	-	-	-
Other current operating liabilities	(1,914)	-	(1,914)	-	-	-	-	-	-
Liabilities	(5,121)	-	(5,121)	-	-	-	-	-	-
OTHER FINANCIAL ASSETS AND LIABILITIES	(1,744)	-	(2,091)	-	-	-	-	-	347

Financial instruments held at 31 March 2020

Cash flow arising from instruments included in net cash/(debt) at 31 March 2020

<i>(in € million)</i>	Carrying amount	2021		2022		2023-2025		2026 and thereafter	
		Interests	Repayment	Interests	Repayment	Interests	Repayment	Interests	Repayment
Other current financial assets	45	-	45	-	-	-	-	-	-
Cash and cash equivalents	2,175	(1)	2,175	-	-	-	-	-	-
Assets	2,220	(1)	2,220	-	-	-	-	-	-
Non-current borrowings	(772)	(8)	-	(8)	(15)	(12)	(41)	(3)	(716)
Current borrowings	(270)	(10)	(270)	-	-	-	-	-	-
Liabilities	(1,042)	(18)	(270)	(8)	(15)	(12)	(41)	(3)	(716)
NET CASH/(DEBT)	1,178	(19)	1,950	(8)	(15)	(12)	(41)	(3)	(716)

Cash flow arising from operating derivatives at 31 March 2020

<i>(in € million)</i>	Carrying amount	2021		2022		2023-2025		2026 and thereafter	
		Interests	Repayment	Interests	Repayment	Interests	Repayment	Interests	Repayment
Other current operating assets	207	-	100	-	46	-	57	-	4
Assets	207	-	100	-	46	-	57	-	4
Other current operating liabilities	(199)	-	(104)	-	(34)	-	(50)	-	(11)
Liabilities	(199)	-	(104)	-	(34)	-	(50)	-	(11)
DERIVATIVES	8	-	(4)	-	12	-	7	-	(7)

Cash flow arising from instruments included in other financial assets and liabilities at 31 March 2020

(in € million)	Carrying amount	2021		2022		2023-2025		2026 and thereafter	
		Interests	Repayment	Interests	Repayment	Interests	Repayment	Interests	Repayment
Non consolidated investments	60	-	-	-	-	-	-	-	60
Other non-current assets	56	-	-	-	-	-	-	-	56
Trade receivables	1,581	-	1,581	-	-	-	-	-	-
Other current operating assets	456	-	456	-	-	-	-	-	-
Assets	2,153	-	2,037	-	-	-	-	-	116
Trade payables	(1,653)	-	(1,653)	-	-	-	-	-	-
Other current operating liabilities	(830)	-	(830)	-	-	-	-	-	-
Liabilities	(2,483)	-	(2,483)	-	-	-	-	-	-
OTHER FINANCIAL ASSETS AND LIABILITIES	(330)	-	(446)	-	-	-	-	-	116

28.6. Commodity risk management

Most of commodities bought by the Group are quickly transformed and included into work-in-progress. As much as possible, the Group includes into customer contracts a customer price adjustment clause, so that the Group has a limited exposure to the variation of commodity prices. Occasionally, the Group can hedge its exposure with commodity derivatives (copper, aluminum) of which the notional and the market values are not significant at 31 March 2021.

I. POST-EMPLOYMENT AND OTHER LONG-TERM DEFINED EMPLOYEE BENEFITS AND SHARE-BASED PAYMENTS

NOTE 29. POST-EMPLOYMENT AND OTHER LONG-TERM DEFINED EMPLOYEE BENEFITS

The Group provides its employees with various types of post-employment benefits, such as pensions, retirement bonuses and medical care, and other long-term benefits, such as jubilee awards and deferred compensation schemes. The type of benefits offered to individual employees is related to local legal requirements as well as practices of the specific subsidiaries.

The Group's health care plans are generally contributory with participants' contributions adjusted annually.

Post-employment defined benefit plans

For single employer defined benefit plans, the Group uses the Projected Unit Credit Method to determine the present value of its obligations and the related current and past service costs/profits. This method considers the actuarial assumptions' best estimates (for example, the expected turnover, the expected future salary increases and the expected mortality).

Most defined benefit pension liabilities are funded through pension funds legally distinct from the entities constituting the Group. Plan assets related to funded plans are invested mainly in equity and

debt securities. Other supplemental pension plans sponsored by the Group for certain employees are directly paid by the employer as they become due. Post-employment medical benefit plans are predominantly unfunded.

The Group periodically reviews plan assets and obligations. The effects of any change in actuarial assumptions together with the differences between forecast and actual experience are assessed. The Group recognises in other comprehensive income the full amount of any actuarial gains and losses as well as the effect of any asset ceiling.

The estimated cost of providing defined benefits to employees is accrued during the years in which the employees render services. In the income statement, the service cost is included in Earnings Before Interests and Taxes. The past service cost/profit and specific events impacts (e.g. curtailments and settlements) are recognised in other expense/income. Net interest on the net defined benefit liability (asset) and administration costs are included in financial income (expenses).

Post-employment defined contribution plans

For defined contribution plans, the Group pays contributions to independently administered funds at a fixed percentage of employees' pay. These contributions are recorded as operating expenses.

Other long-term employee benefits

The accounting method used when recognising obligations arising from other long-term employee benefits is similar to the method used for post-employment defined benefits, except that actuarial gains/losses are immediately recognised in full in "Other income/ expenses" in the income statement.

The defined benefit obligation amounting to €(1,224) million as at 31 March 2021 (see Note 29.2) is analysed as follows:

- several pension plans for €940 million;
- other post-employment benefits for €216 million which include mainly end-of-service benefits in France and Italy; and
- other long-term defined benefits for €68 million which mainly correspond to jubilees in France and Germany.

The reconciliation of funded status of the plans with assets and liabilities recognised in the balance sheet is as follows:

<i>(in € million)</i>	At 31 March 2021	At 31 March 2020
Defined benefit obligations	(4,713)	(967)
Fair value of plan assets	3,519	476
Unfunded status of the plans	(1,194)	(491)
Impact of asset ceiling	(30)	-
NET OF ACCRUED AND PREPAID BENEFIT COSTS AFTER ASSET CEILING	(1,224)	(491)
<i>of which:</i>		
<i>Accrued pension and other employee benefit costs</i>	<i>(1,359)</i>	<i>(491)</i>
<i>Prepaid pension and other employee benefit costs</i>	<i>135</i>	<i>-</i>

As detailed in this note, net provisions for post-employment benefits total €1,224 million, as at 31 March 2021, compared with €491 million, as at 31 March 2020. Movements over the period ended 31 March 2021 mainly arose from the Bombardier Transportation acquisition as well as movements from United Kingdom, Germany, Switzerland, Sweden, the United States of America, Canada and France.

The net asset of €135 million related to pension schemes of former Bombardier Transportation in the United Kingdom and Canada is supported by appropriate refund expectations, as requested by IFRIC 14.

29.1. Description of the plans

Post-employment benefits are paid under defined contribution and defined benefit plans. The Group's only obligation under defined contribution plans is to pay fixed contributions into the funding vehicle. The payments are recognised when incurred in the income statement.

Defined benefit plans primarily relate to the United Kingdom, the United States, Canada, Germany, and France. The specific characteristics (benefit formulas, funding policies and types of assets held) of the plans vary according to the regulations and laws in the country where the employees are located.

In the United Kingdom, there are eight defined benefit pension plans covering different populations. Six of these are Sections of the large UK Railways Pension Scheme and provide a pension in the form of an indexed annuity. All of the Schemes are closed to new hires who are ordinarily offered the opportunity to participate in a defined contribution group pension plan ("GPP"), a group life insurance plan and an income replacement scheme.

In Canada, there are seven defined benefit pension plans covering different populations (three plans are subject to collective bargaining agreements). From 2012 to 2016, six plans were closed to new members. New hires must contribute to the defined contribution component of the plans. The unionized pension plans are based on a flat dollar benefit and the remaining plans are based on the best average earnings. None of the plans offer indexation.

In Germany, the plans provide coverage for pension, death and disability. In the past, the pension was accrued in the form of an annuity. The plans were deeply modified for future accruals in 2010 for the employees to remove most, particularly the higher risk, defined benefit pension plans. The plans continue to be accounted for as defined benefit plans under IAS 19R but with much lower risks for the company. With respect to employee contributions, these are remitted into defined contributions plans. For legacy BT Germany there is one cash balance plan that is open for active employees and new participants. It provides cover for pension, disability or death. The plan was introduced in 2008 – old pension promises for active employees were integrated as an initial pension component (*Initialbaustein*). It is unfunded and entirely employer financed. There are various old defined benefit pension plans, which – with very few exceptions – only apply for vested entitlements and pensioners. All plans are accounted for as defined benefit plans under IAS 19.

In the USA there are two major and four minor pension schemes which, except for collective agreements along with two post-retirement medical plans. New hires are ordinary provided with enhanced defined contribution pensions under 401(k) schemes.

In France, defined benefit pension plans are mainly end of service benefits provided for under the terms of collective bargaining agreements and Group agreements.

In some countries, these commitments are covered in whole or in part by insurance contracts or pension funds. In this case, the commitments and assets are measured independently.

The fair value of plan assets is deducted from the Group's defined benefit obligation, as estimated using the projected unit credit method, in order to calculate the unfunded obligation to be covered by a provision, or the overfunded right to be recognized as an asset under specific requirements.

In the following tables, the "Other" zone represents mainly Sweden and Switzerland.

29.2. Defined benefit obligations

<i>(in € million)</i>	At 31 March 2021	United Kingdom	Euro Zone	North America	Other
Defined benefit obligations at beginning of year	(967)	(411)	(417)	(62)	(77)
Service cost	(44)	(10)	(16)	(10)	(8)
Plan participant contributions	(4)	(3)	-	-	(1)
Interest cost	(29)	(15)	(6)	(5)	(3)
Administration costs	(6)	(4)	(1)	(1)	-
Business combinations/disposals ^(*)	(3,656)	(1,960)	(594)	(746)	(356)
Settlements	1	-	-	-	1
Actuarial gains (losses) – due to experience	(4)	(2)	-	-	(2)
Actuarial gains (losses) – due to changes in demographic assumptions	16	16	-	1	(1)
Actuarial gains (losses) – due to changes in financial assumptions	11	(3)	(39)	43	10
Benefits paid	81	28	33	9	11
Foreign currency translation and others	(112)	(91)	(2)	(28)	9
DEFINED BENEFIT OBLIGATIONS AT END OF YEAR	(4,713)	(2,455)	(1,042)	(799)	(417)
<i>of which:</i>					
<i>Funded schemes</i>	(3,791)	(2,455)	(301)	(739)	(296)
<i>Unfunded schemes</i>	(922)	-	(741)	(60)	(121)

(*) Business combinations are mainly due to Bombardier Transportation's acquisition (see Note 1.1).

<i>(in € million)</i>	At 31 March 2020	United Kingdom	Euro Zone	Other
Defined benefit obligations at beginning of year	(1,044)	(471)	(457)	(116)
Service cost	(34)	(8)	(15)	(11)
Plan participant contributions	(3)	(3)	-	-
Interest cost	(21)	(11)	(6)	(4)
Plan amendments	6	-	6	-
Actuarial gains (losses) – due to experience	(9)	(4)	(2)	(3)
Actuarial gains (losses) – due to changes in demographic assumptions	1	-	-	1
Actuarial gains (losses) – due to changes in financial assumptions	75	51	33	(9)
Benefits paid	49	20	24	5
Foreign currency translation and others	13	15	-	(2)
DEFINED BENEFIT OBLIGATIONS AT END OF YEAR	(967)	(411)	(417)	(139)
<i>of which:</i>				
<i>Funded schemes</i>	(734)	(411)	(238)	(85)
<i>Unfunded schemes</i>	(233)	-	(179)	(54)

29.3. Plan assets

As indicated in Note 29.1, for defined benefit plans, plan assets have been progressively built up by contributions from the employer and the employees, primarily in the United Kingdom, Canada, Germany, Sweden, Switzerland and the United States of America.

<i>(in € million)</i>	At 31 March 2021	United Kingdom	Euro Zone	North America	Other
Fair value of plan assets at beginning of year	476	346	73	21	36
Interest income	18	14	1	3	-
Actuarial gains (losses) on assets due to experience	98	83	6	(1)	10
Company contributions	19	11	-	6	2
Plan participant contributions	4	3	-	-	1
Business combinations/disposals	2,836	1,978	22	554	282
Benefits paid from plan assets	(40)	(28)	-	(7)	(5)
Foreign currency translation and others	108	91	-	24	(7)
FAIR VALUE OF PLAN ASSETS AT END OF YEAR	3,519	2,498	102	600	319

(*) Business combinations are mainly due to Bombardier Transportation's acquisition (see Note 1.1).

<i>(in € million)</i>	At 31 March 2020	United Kingdom	Euro Zone	Other
Fair value of plan assets at beginning of year	511	385	76	50
Interest income	10	8	1	1
Actuarial gains (losses) on assets due to experience	(29)	(26)	(4)	1
Company contributions	13	8	-	5
Plan participant contributions	3	3	-	-
Benefits paid from plan assets	(21)	(19)	-	(2)
Foreign currency translation and others	(11)	(13)	-	2
FAIR VALUE OF PLAN ASSETS AT END OF YEAR	476	346	73	57

29.4. Components of plan assets

<i>(in € million)</i>	At 31 March 2021	%	United Kingdom	Euro Zone	North America	Other
Equities	1,621	46%	47%	24%	51%	33%
Bonds	1,776	51%	53%	49%	46%	44%
Insurance contracts	25	1%	-	22%	-	-
Other	97	2%	-	5%	3%	23%
TOTAL	3,519	100%	100%	100%	100%	100%

<i>(in € million)</i>	At 31 March 2020	%	United Kingdom	Euro Zone	Other
Equities	296	62%	74%	26%	39%
Bonds	158	33%	26%	68%	32%
Insurance contracts	4	1%	-	3%	3%
Other	18	4%	-	3%	26%
TOTAL	476	100%	100%	100%	100%

An active market price exists for all plan assets except properties. Assets of each funded plan are managed by a dedicated investment committee in accordance with the scheme rules and local regulation. The Group has representatives on these committees and promotes simple and diversified investment strategies.

The aim is to limit investment risks to those necessary to fulfil the benefit commitment (asset and liability management). As a result, strategic allocation favours liquid assets and especially long bonds. As at 31 March 2021, plan assets do not include securities issued by the Group.

29.5. Assumptions (weighted average rates)

Actuarial valuations of the Group's benefit obligation have been made as at 31 March 2021 and 31 March 2020.

These valuations include:

- assumptions on staff turnover, mortality and salary increases;
- assumptions on retirement ages varying from 60 to 65 depending on the country and the applicable laws;
- discount rates used to determine the actuarial present value of the projected benefit obligations.

Actuarial assumptions used vary by type of plan and by country.

(in %)	At 31 March 2021	United Kingdom	Euro Zone	North America	Other
Discount rate	1.96	2.15	0.98	3.22	0.93
Rate of compensation increase	2.64	2.98	2.58	2.19	1.66

(in %)	At 31 March 2020	United Kingdom	Euro Zone	Other
Discount rate		2.12	2.55	2.60
Rate of compensation increase		2.62	2.95	2.94

As of 31 March 2021, the weighted average durations of the defined benefit obligations are the following:

(in years)	At 31 March 2021	United Kingdom	Euro Zone	North America	Other
Weighted average duration	17	19	13	16	13

Discount rate

In accordance with IAS 19R principles, discount rates are set each year by reference to the market yields on high quality corporate bonds denominated in the relevant currency. In countries where there is no deep market in such bonds, discount rates are set by reference to the yields on government bonds. The required information is sourced from the company's actuarial advisors and from market quotations and indices.

Rate of compensation increase

Compensation increase assumptions are determined at country level and reviewed centrally.

Assumptions related to the post-employment healthcare obligation

The healthcare trend rate is assumed to be 3.86% in the year ended 31 March 2021 and reduces thereafter to an ultimate rate of 1.13%.

Sensitivity analysis

A 25 bp increase or decrease in the main assumptions would have the following impacts on the defined benefit obligation:

(in € million)	At 31 March 2021
Impact of a 25 bp increase or decrease in the discount rate	(187)/+196
Impact of a 25 bp increase or decrease in the rate of compensation increase	+26/(26)

29.6. Analysis of post-employment and other long-term defined benefit expense

As at 31 March 2021, the benefit expense for the whole Group is the following:

<i>(in € million)</i>	Year ended at 31 March 2021	United Kingdom	Euro Zone	North America	Other
Service cost	(44)	(10)	(16)	(10)	(8)
Defined contribution plans	(106)	(8)	(73)	(2)	(23)
Actuarial gains (losses) on other long-term benefits	(1)	-	(1)	-	-
Curtailments/settlements	1	-	-	-	1
EBIT impact	(150)	(18)	(90)	(12)	(31)
Financial income (expense)	(17)	(5)	(6)	(3)	(3)
TOTAL BENEFIT EXPENSE	(167)	(23)	(96)	(15)	(34)

<i>(in € million)</i>	Year ended at 31 March 2020	United Kingdom	Euro Zone	Other
Service cost	(34)	(8)	(15)	(11)
Defined contribution plans	(92)	(8)	(68)	(16)
Actuarial gains (losses) on other long-term benefits	(1)	-	-	(1)
Past service gain (cost)	6	-	6	-
EBIT impact	(121)	(16)	(77)	(28)
Financial income (expense)	(11)	(3)	(5)	(3)
TOTAL BENEFIT EXPENSE	(132)	(19)	(82)	(31)

29.7. Cash flows

In accordance with local practice and regulations, the company pays contributions to the funded schemes it sponsors and benefits to the members of unfunded plans.

Total cash spent for defined benefit plans in the year ended 31 March 2021 amounted to €41 million and covers both regular contributions for accruing service and recovery contributions in case of funding shortfall.

For defined benefit plans, the expected cash outflows are the following:

- €62 million in the year ending 31 March 2022;
- €52 million in the year ending 31 March 2023;
- €60 million in the year ending 31 March 2024.

Total cash spent for defined contribution plans in the year ended 31 March 2021 amounted to €106 million.

For defined contribution plans, according to the company's best estimate, payments will be impacted by Bombardier Transportation acquisition over the next years.

NOTE 30. SHARE-BASED PAYMENTS

The Group issues equity-settled and cash-settled share-based payments to certain employees.

Equity-settled share-based payments

Equity-settled share-based payments are measured at fair value at the grant date (excluding the effect of non-market-based conditions) using the Black-Scholes model for plans issued from 2009 and the Monte Carlo model for plans issued from 2016. The cumulative recognised expense is based on the fair value at grant date and on the estimated number of shares that will eventually vest (including the effect of non-market-based vesting conditions). It is recorded in Earnings Before Interests and Taxes throughout the vesting period with a counterpart in equity.

At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Cash-settled share-based payments

For cash-settled share-based payments, a liability equal to the portion of the goods or services rendered is recognised at the current fair value. The fair value is remeasured at each balance-sheet date and at the date of settlement, with any changes recognised in the income statement.

The Group may also provide employees with the ability to purchase the Group's ordinary shares at a discounted price compared to that of the current market value. In that case, the Group records an expense based on the discount given and its estimate of the shares expected to vest.

30.1. Stock options and performance shares

KEY CHARACTERISTICS

	Plans issued by Shareholders Meeting on 22 June 2010				Plans issued by Shareholders Meeting on 18 December 2015		Plan issued by Shareholders Meeting on 17 July 2018	Plan issued by Shareholders Meeting on 10 July 2019
	Plan n°15	Plan n°15	Plan n°16	Plan n°16	PSP 2017	PSP 2018	PSP 2019	PSP 2020
	Stock options	Performance shares	Stock options	Performance shares	Performance shares	Performance shares	Performance shares	Performance shares
Grant date	10/12/2012	10/12/2012	01/10/2013	01/10/2013	17/03/2017	13/03/2018	12/03/2019	10/03/2020
	10/12/2015		03/10/2016					
Exercise period	09/12/2020	n/a	30/09/2021	n/a	n/a	n/a	n/a	n/a
Number of beneficiaries	538	1,763	292	1,814	755	732	820	878
Adjusted number granted ⁽¹⁾	1,512,000	883,140	784,294	1,130,791	1,022,400	1,102,789	1,176,801	1,252,619
Adjusted number exercised since the origin	674,667	391,458	590,201	1,022,311	862,803	-	525	-
Adjusted number cancelled since the origin	837,333	491,682	72,625	108,480	159,597	98,424	58,526	22,500
Adjusted number outstanding at 31 March 2021	-	-	121,468	-	-	1,004,365	1,117,750	1,230,119
inc. to the present members of the Leadership team	-	-	39,068	-	-	218,885	282,218	311,754
Adjusted exercise price ⁽²⁾ (in €)	21.83	n/a	21.24	n/a	n/a	n/a	n/a	n/a
Fair value at grant date (in €)	5.80	26.70	3.84	22.62	21.74	25.59	28.92	36.58

(1) The number of options and performance shares and the exercise price of options have been adjusted as a result of transactions that have impacted the number of capital shares after grant dates.

(2) The exercise price corresponds to the average opening price of the shares during the 20 trading days preceding the day on which the options were granted by the Board (neither discount nor surcharge) and adjusted where necessary due to the capital increase with Preferential Subscription Rights in December 2020.

At 31 March 2021, stock options granted by plans 15 and 16 are fully vested. For plans 15 and 16, options expire five years after the end of the vesting period. The plan 15 expired in December 2020.

The long-term incentive plans set up since 2007 combine the allocation of stock options with the allocation of performance shares, except the latter since 2016 that allocate only performance shares.

The grant of these instruments is conditioned by the satisfaction of performance indicators.

LTI plan 16 granted on 1 October 2013

In the context of Energy transaction, the Board of Directors has considered that the performance conditions set for fiscal years ended 31 March 2015 and 31 March 2016 were deemed fully satisfied subject to and upon the completion of the transaction.

As a consequence, all options will be exercisable under this plan and all performance shares have been delivered on 2 October 2017.

In addition, the presence condition has been waived for the beneficiaries having left the Group as part of the Energy transaction on the condition they are employees of Alstom Group as at the date of the closing of the transaction. This triggered the stock option and performance plans expense acceleration recorded in Income statement of discontinued operations

PSP 2017 granted on 17 March 2017

This plan has been agreed by the board of directors of 17 March 2017. It allocates 1,022,400 performance shares to 755 beneficiaries.

The final allocation depends on two internal performance conditions based on Group adjusted EBIT margin (excluding the share of net income of CASCO) and Free Cash Flow for fiscal years ended 31 March 2018, 31 March 2019, and 31 March 2020, and one external condition linked to the performance of the Company's share. Based on the performance conditions of the year ended 31 March 2018 and 31 March 2019 and March 2020, 96.33% of the initial grant has been achieved and 3.67% of the performance shares have been cancelled. On 19 May 2020, 862,298 performance shares have been delivered.

PSP 2018 granted on 13 March 2018

This plan has been agreed by the board of directors of 13 March 2018. 1,016,025 performance shares have been initially granted to 732 beneficiaries.

The final allocation depends on one internal performance condition based on Group adjusted EBIT margin (excluding the share of net income of CASCO) for fiscal years ended 31 March 2021, and one external condition linked to the performance of the Company's share. The final delivery will take place five business days after the publication of the 31 March 2021 results.

PSP 2019 granted on 12 March 2019

This plan has been agreed by the board of directors of 12 March 2019. 1,080,150 performance shares have been initially granted to 820 beneficiaries.

Movements

	Number of options	Weighted average exercise price per share (in €)	Number of performance shares
Outstanding at 31 March 2019	504,201	23.52	3,732,688
Granted ⁽¹⁾	-	-	1,145,625
Exercised	(219,615)	23.40	(733,103)
Cancelled	(49,039)	22.96	(140,147)
Outstanding at 31 March 2020	235,547	23.75	4,005,063
Granted ⁽²⁾	15,520	21.36	290,409
Exercised	(98,896)	21.74	(862,298)
Cancelled	(30,703)	21.83	(80,940)
OUTSTANDING AT 31 MARCH 2021	121,468	21.24	3,352,234
<i>of which exercisable</i>	<i>121,468</i>		<i>N/A</i>

(1) Includes 1,415,625 free shares granted through PSP 2020.

(2) Includes adjustments due to the capital increase with Preferential Subscription Rights in December 2020 on stock options plans 15, 16 and PSP 2018, 2019 and 2020. The weighted average exercise price is also impacted by this capital increase.

The final allocation depends on two internal performance condition based on Group adjusted EBIT margin (Excluding the share of net income of CASCO) and cash conversion rate for fiscal years ended 31 March 2022, and one relative condition linked to the performance of the Company's share. The final delivery will take place at the latest 20 days after the publication of the 31 March 2022 results.

PSP 2020 granted on 10 March 2020

This plan has been agreed by the board of directors of 10 March 2020. 1,145,625 performance shares have been initially granted to 878 beneficiaries.

The final allocation depends on three internal performance conditions based on Group adjusted EBIT margin, cash conversion rate for the fiscal year ended 31 March 2023 and an objective of reduction in the energy consumption of the solutions offered to clients, as well as one relative condition linked to the performance of the Company's share. The final delivery will take place at the latest 20 days after the publication of the 31 March 2023 results.

No performance shares plan has been granted during fiscal year 2020/21.

Valuation

	Plan n°15	Plan n°15	Plan n°16	Plan n°16	PSP 2017	PSP 2018	PSP 2019	PSP 2020
	Stock options	Performance shares	Stock options	Performance shares	Performance shares	Performance shares	Performance shares	Performance shares
Grant date	10/12/2012	10/12/2012	01/10/2013	01/10/2013	17/03/2017	13/03/2018	12/03/2019	10/03/2020
Expected life (in years)	4.0	2.5 or 4.0	3.0	4.0	3.2	3.2	3.2	3.2
		31/05/2015 or						
End of vesting period	09/12/2015	09/12/2016	30/09/2016	30/09/2017	12/05/2020	31/05/2021	31/05/2022	31/05/2023
Adjusted exercise price ^(*) (in €)	21.83	n/a	21.24	n/a	n/a	n/a	n/a	n/a
Share price at grant date (in €)	29.77	29.77	26.33	26.33	26.56	34.19	37.75	42.82
Volatility	30%	n/a	28%	n/a	22%	20%	19%	17%
Risk free interest rate	0.5%	0.5%	0.9%	0.9%	-0.1%	-0.2%	-0.3%	-0.7%
Dividend yield	3.4%	3.4%	3.8%	3.8%	1.5%	1.5%	1.5%	1.5%

(*) The exercise price corresponds to the average opening price of the shares during the 20 trading days preceding the day of which the options were granted by the Board (no discount or surcharge) and adjusted, where necessary, due to share buyback operation.

The option valuation method follows a Black & Scholes model for plans 15 and 16 as well as Monte Carlo model for PSP 2017, PSP 2018, PSP 2019 and PSP 2020 with exercise of the stock options as well as performance shares anticipated and spread over the vesting period on a straight-line basis.

The volatility factor applied is an average of CAC40 comparable companies' volatility at the grant date for plans 15 and 16, and Alstom's volatility for the plans since PSP 2017.

The Group booked a total expense of €10 million for the year ended 31 March 2021 (to be compared to €25 million, for the year ended 31 March 2020).

The Board of Directors is committed, in the event of a major change in the Group's strategy or structure, or at the time of implementing new accounting standards to adapting these performance conditions to new issues highlighted for the coming years, both in their nature and in the levels of results to be achieved, while maintaining a high level of demand.

NOTE 31. EMPLOYEE BENEFIT EXPENSE AND HEADCOUNT

In the following figures, staff of joint-operations entities are integrated in fully, staff of joint-ventures and associates are not considered.

(in € million)	Year ended	
	At 31 March 2021	At 31 March 2020
Wages and salaries	2,342	2,087
Social charges	531	472
Post-employment and other long-term benefit expense (see Note 29)	167	132
Share-based payment expense (see Note 30)	10	25
TOTAL EMPLOYEE BENEFIT EXPENSE	3,050	2,716

	Year ended	
	At 31 March 2021	At 31 March 2020
Staff of consolidated companies at year end		
Managers, engineers and professionals	35,786	20,791
Other employees	35,906	18,088
HEADCOUNT	71,692	38,879

The increase of staff over the period ended 31 March 2021 is mainly due to Bombardier Transportation's acquisition.

	Year ended	
	At 31 March 2021	At 31 March 2020
Average staff of consolidated companies over the period^(*)		
Managers, engineers and professionals	23,799	19,907
Other employees	21,031	17,668
HEADCOUNT	44,830	37,575

(*) The average staff is calculated as a monthly weighted average including two month of Bombardier Transportation's staff.

J. CONTINGENT LIABILITIES AND DISPUTES

Commitments arising from execution of operations controlled by the Group

In the ordinary course of business, the Group is committed to fulfil various types of obligations arising from customer contracts (among which full performance and warranty obligations). Obligations may also arise from leases and regulations in respect of tax, custom duties, environment, health and safety. These obligations may or may not be guaranteed by bonds issued by banks or insurance companies.

As the Group is in a position to control the execution of these obligations, a liability only arises if an obligating event (such as a dispute or a late completion) has occurred and makes it likely that an outflow of resources will occur.

When the liability is considered as only possible but not probable or, when probable, cannot be reliably measured, it is disclosed as a contingent liability.

When the liability is considered as probable and can be reliably measured, the impact on the financial statements is the following:

- if the additional liability is directly related to the execution of a customer contract in progress, the estimated gross margin at completion of the contract is reassessed; the cumulated margin recognised to date based on the percentage of completion and the accrual for future contract loss, if any, are adjusted accordingly;
- if the additional liability is not directly related to a contract in progress, a liability is immediately recognised on the balance sheet.

The contractual obligations of subcontractors towards the Group are of the same nature as those of the Group towards its customers. They may be secured by the same type of guarantees as those provided to the Group's customers.

No contingent asset is disclosed when the likelihood of the obligation of the third party remains remote or possible. A contingent asset is disclosed only when the obligation becomes probable. Any additional income resulting from a third party obligation is taken into account only when it becomes virtually certain.

Commitments arising from execution of operations not wholly within the control of the Group

Obligations towards third parties may arise from on-going legal proceedings, credit guarantees covering the financial obligations of third parties in cases where the Group is the vendor, and indemnification guarantees issued in connection with disposals of business entities.

In case of legal proceedings, a contingent liability is disclosed when the liability is considered as only possible but not probable, or, when probable, cannot be reliably measured. In case of commitments arising from guarantees issued, contingent liabilities are disclosed as soon as guarantees have been delivered and as long as they have not matured.

A provision is recorded if the obligation is considered as probable and can be reliably measured. Contingent assets arising from legal proceedings or guarantees delivered by third parties are only disclosed when they become probable.

NOTE 32. CONTINGENT LIABILITIES

Commercial obligations

Contractual obligations of the Group towards its customers may be guaranteed by bank bonds or insurance bonds. Bank and insurance bonds may guarantee liabilities already recorded on the balance sheet as well as contingent liabilities.

To issue bonds the Group relies on both uncommitted bilateral lines in numerous countries and the CGFA. This bilateral line contains a change of control clause, which may result in the program being suspended, in the obligation to procure new bonds to replace outstanding bonds or

to provide cash collateral, as well as early reimbursement of the other debts of the Group, as a result of their cross-default or cross-acceleration provisions.

In order to integrate Bombardier Transportation outstanding guarantees, Alstom Holdings has signed, on 26 November 2020, with 12 tier one banks, an Amendment and restatement of its Committed Guarantee Facility Agreement ("CGFA"), increasing the commitment from €3 billion to €9 billion, allowing issuance until 26 February 2024 of bonds with tenors up to seven years.

At 31 March 2021, the total outstanding bonding guarantees related to contracts from continuing operations, issued by banks or insurance companies, amounted to €21.7 billion (€9.6 billion at 31 March 2020). The increase is mainly due to Bombardier Transportation's acquisition.

After the transfer of €2.8 billion of Bombardier legacy guarantees in the CGFA, the available amount under the Committed Guarantee Facility Agreement amounts to €3.2 billion at 31 March 2021 (€1.7 billion at 31 March 2020).

NOTE 33. DISPUTES

33.1. Disputes in the Group's ordinary course of business

The Group is engaged in several legal proceedings, mostly contract-related disputes that have arisen in the ordinary course of business. These disputes, often involving claims for contract delays or additional work, are common in the areas in which the Group operates, particularly for large long-term projects. In some cases, the amounts, which may be significant, are claimed against the Group, sometimes jointly with its consortium partners.

In some proceedings the amount claimed is not specified at the beginning of the proceedings. Amounts retained in respect of these litigations are taken into account in the estimate of margin at completion in case of contracts in progress or included in provisions and other current liabilities in case of completed contracts when considered as reliable estimates of probable liabilities. Actual costs incurred may exceed the amount of initial estimates because of a number of factors including the inherent uncertainties of the outcome of litigation.

33.2. Other Disputes

Asbestos

Some of the Group's subsidiaries are subject to civil proceedings in relation to the use of asbestos in France essentially as well as in Spain, in the United Kingdom and in the United States. In France, these proceedings are initiated by certain employees or former employees suffering from an occupational disease in relation to asbestos with the aim of obtaining a court decision allowing them to obtain a supplementary compensation from the French Social Security funds. In addition, employees and former employees of the Group not suffering from an asbestos related occupational disease have started lawsuits before the French courts with the aim of obtaining compensation for damages in relation to their alleged exposure to asbestos, including the specific anxiety damage.

The Group believes that the cases where it may be required to bear the financial consequences of such proceedings do not represent a material exposure. While the outcome of the existing asbestos-related cases cannot be predicted with reasonable certainty, the Group believes that these cases would not have any material adverse effect on its financial condition.

Alleged anti-competitive activities

Transportation activities in Brazil

In July 2013, the Brazilian Competition Authority ("CADE") raided a number of companies involved in transportation activities in Brazil, including the subsidiaries of Alstom and Bombardier Transportation, following allegations of anti-competitive practices. After a preliminary investigation stage, CADE notified in March 2014 the opening of an administrative procedure against several companies, of which the Alstom's and Bombardier Transportation's subsidiaries in Brazil, and certain current and former employees of the Group. CADE ruled in

July 2019 a financial fine of BRL 133 million (approximately €20 million) on Alstom's subsidiary in Brazil as well as a ban to participate in public procurement bids in Brazil conducted by the Federal, State, and Municipal Public Administration over a period of five years. In parallel, CADE applied a financial penalty of BRL 23 million (approximately €3.5 million) on Bombardier Transportation's subsidiary in Brazil (there is no ban to participate in public procurement bids in Brazil).

In September and December 2020, both Alstom and Bombardier Transportation's subsidiaries in Brazil filed a civil lawsuit before the Brasilia civil court aiming at suspending and ultimately cancelling the July 2019 ruling. Both subsidiaries obtained an injunction to suspend the effects of the administrative ruling until a final judgment is issued on the merits. In parallel to this main case opened by CADE only in relation to entities and individuals formally notified when launching the proceedings in 2014, CADE launched in the Spring of 2018 formal notifications against individuals who had not yet been notified, mainly foreign individuals not residing in Brazil. The proceedings against these individuals are part of a second phase of the case. Current and former employees of Alstom are also subject to proceedings initiated by the public prosecutor of the state of Sao Paulo in connection with some of the Transport projects subject to CADE procedure.

The Prosecutor of the State of Sao Paulo launched in May 2014 a civil action against a Group's subsidiary in Brazil, along with a number of other companies (including Bombardier Transportation's subsidiary), for a total amount asserted against all companies of BRL 2.5 billion (approximately €384 million) excluding interests and possible damages in connection with a transportation project. The Group's subsidiary is actively defending itself against this action.

In December 2014, the public prosecutor of the state of Sao Paulo also initiated a lawsuit against Alstom's subsidiary in Brazil, along with a number of other companies (including Bombardier Transportation's subsidiary) related to alleged anti-competitive practices regarding the first phase of a train maintenance project, which is also subject to administrative proceedings since 2013. In the last quarter of 2016, this Alstom subsidiary in Brazil, along with a number of other companies (including Bombardier Transportation's subsidiary in Brazil), faced the opening of another lawsuit by the public prosecutor of the state of Sao Paulo related to alleged anti-competitive practices regarding a second phase of the said train maintenance project. In case of proven illicit practices, possible sanctions can include the cancellation of the relevant contracts, the payment of damage compensation, the payment of punitive damages and/or the dissolution of the Brazilian companies involved.

Italy

On 23 June 2020, a series of searches and arrests have been carried out by the Milan police under instructions of the Milan Prosecution Office as part of a preliminary investigation into alleged bribes and bid-rigging in connection with public tenders for Azienda Trasporte Milanese ("ATM"), the municipal public transport company and operator of the Milan Subway. The investigation concerns at least seven companies and 28 individuals, including three current employees and one former employee of Alstom Ferroviaria S.p.A (the "Alstom Italy employees").

The Prosecution Office alleges that the Alstom Italy employees engaged in bid-rigging under Article 353 of the Italian Criminal Code, including colluding with an employee of ATM, to obtain confidential technical information in order to secure an undue advantage in the tender process for a 2019 contract for the Milan subway. Alstom did not ultimately submit a bid in respect of this contract.

Alstom Ferroviaria S.p.A. is also subject to investigation regarding alleged violation of Legislative Decree No. 231/2001 ("Decree 231/2001") for not having implemented (or not having efficiently applied) a system of control capable to avoid the commission by its employees of corruption. A company may only be held liable under Decree 231 if the criminal misconduct of its employees is established. In such a case, a company may seek to defend itself from corporate liability under Decree 231/2001 by showing that it had adopted and effectively implemented an organizational model (known as a "Modello") to prevent misconduct and established an independent supervisory body (known as an "organismo di vigilanza") to oversee compliance with the *Modello*. Alstom Ferroviaria S.p.A. has adopted a *Modello* and has established an *organismo di vigilanza*.

Alstom is conducting an internal investigation into the allegations discussed above in coordination with external counsel and has taken certain interim measures in response to the allegations of the Prosecution Office, in particular by suspending one of its employee of Alstom Ferroviaria S.p.A. The preliminary investigation by the Prosecution Office continues in parallel. Following its investigation, the Prosecution Office will decide whether to request a dismissal or to request an indictment.

Spain

The Spanish Competition Authority ("CNMC") opened a formal procedure end of August 2018 in connection with alleged irregularities in public tenders with the Spanish Railway Infrastructures Administrator ("ADIF") against eight competing companies active in the Spanish signaling market including Bombardier European Investments, S.L.U (BEI) and its parent company Bombardier Transportation (Global Holding) UK Limited, and Alstom Transporte SA and its parent Alstom SA. The inclusion of the parent company is typical of European competition authorities at the early stage of the proceedings. No Alstom or Bombardier managers were included in the file. In September 2020, the companies obtained access to the Statement of Objections in which the CNMC discloses the evidence gathered against the various participants in the alleged cartel in the Spanish signaling market. Both Alstom and Bombardier have submitted their defense paper rejecting all of CNMC allegations on the basis of absence of evidence. The Sub-directorate of the CNMC has submitted a Proposed Resolution end of March 2021 which both Alstom and Bombardier are rejecting. Both companies submitted their defence to the Council of the CNMC who will take the final administrative decision on the proposed resolution on the basis of lack of substantive evidence. Subsequently, this decision can be appealed before the judicial court (*Audiencia Nacional*).

Pending investigations which relate to Bombardier Transportation

The matters described in this section relate to historical conduct involving Bombardier Transportation that occurred prior to Alstom's acquisition.

Bombardier Transportation is the subject of an audit of the World Bank Integrity Vice Presidency and participating in several investigations relating to allegations of corruption including by the Swedish Prosecution authority, the Special Investigation Unit (SIU) and National Prosecuting Authority (NPA) in South Africa and the DOJ.

With respect to these above-mentioned matters, Alstom and/or Bombardier Inc are cooperating with the concerned authorities or institutions. These investigations or procedures may result in criminal sanctions, including fines which may be significant, exclusion of Group subsidiaries from tenders and third party actions. In this context, Alstom has obtained a number of contractual protections in the Acquisition to mitigate potential risks.

The principal matter under investigation is in relation to a 2013 contract for the supply of equipment and services to Azerbaijan Railways in the amount of approximately \$340 million (principally financed by the World Bank) awarded to a bidding consortium composed of Bombardier Transportation's Sweden's subsidiary (BT Sweden), a Russian Bombardier Transportation affiliate (with third party shareholders) and a third party (the "ADY Contract"). Ownership of the affiliate was subsequently transferred to an entity well established in the Russian and CIS market with which BT Sweden had an historical relationship, and an affiliate of which had been added post-bid approval as a project sub-contractor. There remains uncertainty as to the services provided by these entities in return for some of the payments they received. Bombardier Inc.'s internal review regarding the ADY contract is still ongoing.

Sweden

The Swedish authorities commenced an investigation in relation to the ADY Contract in 2016, and in 2017 filed charges against the former head of Sales, North Region, RCS, BT Sweden (the "former BTS employee") for aggravated bribery, and alternatively, influence trafficking. The authorities alleged that the former BTS employee had contacts and correspondence with a representative of the third-party member of the consortium who was also employed by Azerbaijan railways during the bidding period with a view towards illicitly influencing the outcome of the tender.

After a trial the former BTS employee was acquitted on both counts in 2017. The authorities appealed the decision and as of today only the aggravated bribery charge is pending. Although no charges have been filed against BT Sweden to date, the Swedish authorities are investigating other former BT Sweden employees and made mutual legal assistance treaty requests to authorities in numerous jurisdictions. The Swedish authorities recently concluded investigations of other former BT Sweden employees subject to limited further review and it is still possible that they may file charges against them or make claims.

World Bank

The World Bank audited the ADY Contract and in 2018 the INT issued a strictly confidential show cause letter to Bombardier Inc which was leaked. The letter outlines INT's position regarding alleged collusion, corruption and fraud in the ADY Contract and obstruction of the INT's investigation. The audit could result in some form of debarment of Bombardier Transportation and BT Sweden from bidding on contracts financed by the World Bank for a number of years.

U.S. Department of Justice – DOJ

On 10 February 2020, the DOJ notified Bombardier that it had opened an investigation. In response to its requests since March 2020 Bombardier has been voluntarily providing documents and information to the DOJ regarding the ADY Contract and may be doing so in the near term in relation to other projects in CIS countries. The DOJ has also made information requests regarding contracts with Transnet (cf. below South Africa and Project related litigation – South Africa) and the Passenger Rail Agency of South Africa.

South Africa

Bombardier Transportation South Africa's contract to supply locomotives to Transnet Freight Rail is one of the matters among numerous other matters under investigation by the judicial commission of inquiry into allegations of State Capture (the "Zondo Commission"), by the Special Investigation Unit in South Africa ("SIU"), and by the National Prosecuting Authority ("NPA"). Bombardier Transportation has been providing information to the SIU and the matters remain pending.

Project execution related litigation

CR-1 Marmaray railway infrastructure – Turkey

In March 2007, the Turkish Ministry of Transport (DLH) awarded the contract to upgrade approximately 75 km of railway infrastructure in the Istanbul region, known as the "Marmaray Commuter Rail Project (CR-1)" to the consortium Alstom Dogus Marubeni (AMD), of which Alstom Transport's main French subsidiary is a member. This project, which included works on the transcontinental railway tunnel under the Bosphorus, has undergone significant delays mainly due to difficulties for the DLH to make the construction site available. Thus, the AMD consortium terminated the contract in 2010. This termination was challenged by DLH, who thereafter called the bank guarantees issued by the consortium up to an amount of approximately €80 million. Following injunctions, the payment of such bank guarantees was forbidden, and the AMD consortium immediately initiated an arbitration procedure to resolve the substantive issues. The arbitral tribunal has decided in December 2014 that the contract stands as terminated by virtue of Turkish law and has authorized the parties to submit their claims for compensation of the damages arising from such termination. Following this decision on the merits, DLH made renewed attempts in 2015 to obtain payment of the bank guarantees but defense proceedings by the AMD consortium have enabled so far to reject these payment requests.

In the arbitration procedure, the phase of assessment of damages is over. Hearings took place in October 2017 and post-hearing submissions were exchanged in February 2018. In May 2018, the arbitral tribunal requested further submissions from the parties to clarify certain claims and the parties exchanged their submissions until July 2018. A second partial final award on quantum was issued to the parties' on 20 September 2019, which recognized (a) the significant delays caused by DLH and AMD's entitlements in the sum of approximately €41 million, and (b) DLH's alleged loss in the amount of approximately €68 million, resulting in a net principal sum, after set-off, ordered payable by the AMD consortium to DLH in the amount of approximately €27 million. An addendum to the second partial award was issued by the tribunal on 23 December 2019, reducing AMD's exposure to €21 million. The third and final award, which exclusively deals with legal costs, interests, tax and four minor claims, was communicated to Alstom on 24 July 2020. The set off of the various amounts awarded by the tribunal to both parties results in an additional net amount of approx. €6 million due by AMD to the Ministry (totalling approx. €28 million). On 12 November 2020, the arbitral tribunal issued an addendum to the third and final partial award reducing AMD's net liability to the Ministry by €322,000. AMD received a payment request from the Ministry in December 2020. AMD partners have been unable to agree on the allocation of responsibility among themselves thus far.

On 17 March 2021, the Ministry filed a motion with the Turkish Court to lift the injunction on the €80 million first demand bank guarantee. Partners challenged the Motion separately. On 13 April 2021, the Swiss tribunal granted Alstom's motion and ordered consortium partners to pay the award according to their respective net proportionate share by 21 April 21 (Alstom: €8.5 million; Marubeni: €0.3 million; Dogus: €18.6 million).

Payment has been made by all parties. The consortium and the Ministry are currently discussing the steps forward to close Turkish proceedings within the next few days.

On the other hand, through arbitration request notified on 29 September 2015, Marubeni Corporation launched proceedings against Alstom Transport SA taken as consortium leader in order to be compensated for the consequences of the termination of the contract with AMD. In a similar fashion, through arbitration request issued on 15 March 2016, the other consortium member Dogus launched proceedings against Alstom Transport SA with similar demands and a request to have the disputes between consortium members consolidated in a single case. Alstom Transport SA is rejecting these compensation requests and is defending itself in these proceedings between consortium members which, while having gone through a consolidation in a single case, have however been suspended by the arbitral tribunal pending the outcome of the main arbitral proceedings between AMD and DLH. In October 2018, Dogus applied for interim measures to clarify certain aspects of the consortium agreement and this request was rejected by the arbitral tribunal on account of the suspension. In January 2021, Dogus filed an application to resume arbitration proceedings while Alstom filed a successful application seeking an order of payment according to partners' net proportionate shares (see above). A case management call will be set up by the arbitration tribunal to define the next steps and related timelines.

Regional Minuetto trains & high-speed Pendolino trains – Italy

Alstom Transport's subsidiary in Italy is involved in two litigation proceedings with the Italian railway company Trenitalia. One is related to a supply contract of regional Minuetto trains awarded in 2001 (the "Minuetto case"), and the other to a supply contract of high-speed Pendolino trains awarded in 2004 (the "Pendolino case"). Each of these contracts has undergone technical issues and delays leading the Trenitalia company to apply delay and technical penalties and, consequently, to withhold payments. Since the parties dispute certain technical matters as well as the causes and responsibilities of the delays, the matter was brought before Italian courts in 2010 and 2011 respectively. In the Minuetto case, the technical expertise report has been released and Alstom has challenged its contents with amendment requests. The technical expert submitted his final report in April 2017 and certain amendment requests were taken into account. The parties have exchanged final summary memorials, and the next step will be the decision of the tribunal. On 26 June 2019, the Court of Cuneo issued its decision, mainly (i) recognizing that Trenitalia abused of Alstom's economic dependence (which led Alstom to accept unfair contractual terms, some of which were declared null), (ii) acknowledging a substantial amount of penalties but for which the court ruled that Trenitalia could not obtain payment of on the basis of procedural grounds and (iii) dismissing all other claims of the parties. On 24 January 2020 Alstom appealed the decision before the Court of Appeal of Turin. On 12 May 2020 Trenitalia filed its defence and counter-appeal. At the first hearing of the proceedings on 4 November 2020 the Court of Appeal has set the hearing date on 14 April 2021 for the clarifications on the conclusions.

In the Pendolino case, the technical expertise report was released, and Alstom has obtained certain corrections following its challenge on some of the conclusions of the report. After the closing of the expertise phase the proceedings continued their path on the legal aspects of the dispute. The tribunal rendered in March 2019 a decision acknowledging that a significant part of the delays was not attributable to Alstom and therefore reduced a large portion of the delay damages claimed by Trenitalia. The tribunal also rejected the reliability penalties claimed by Trenitalia while accepting certain of its residual damage compensation requests. Finally, the tribunal accepted Alstom's claims linked to contract price adjustment formula while rejecting some of its other cost compensation claims. Alstom appealed the decision on 7 October 2019. On 15 January 2020 Trenitalia filed its defense and counter-appeal. The Court of Appeal of Rome fixed the first hearing of the proceedings on 13 January 2022.

Saturno – Italy

Following a dispute within a consortium involving Alstom's subsidiary in Italy and three other Italian companies, the arbitral tribunal constituted to resolve the matter has rendered in August 2016 a decision against Alstom by awarding €22 million of damage compensation to the other consortium members. Alstom's subsidiary strongly contests this decision and considers that it should be able to avoid its enforcement and thus prevent any damage compensation payment. On 30 November 2016, Alstom's subsidiary filed a motion in the Court of Appeals of Milan to obtain the cancellation of the arbitral award. On 1 December 2016, Alstom's subsidiary filed an ex parte motion for injunctive relief to obtain the suspension of the arbitral award pending the outcome of the appeal proceedings, which was temporarily accepted by the Court. After a phase of hearings in contradictory proceedings on the request for suspension of the arbitral award, the Court of Appeal of Milan decided on 3 March 2017 in favor of Alstom's subsidiary by confirming definitively the suspension of this arbitration decision pending the outcome of the proceedings relating to the cancellation of such decision. The Court of Appeal of Milan ruled on the merits in March 2019 in favour of the Alstom's subsidiary and cancelled the arbitration award of August 2016 including the €22 million of damage compensation. The members of the consortium (excluding Alstom) appealed the decision of the Court of Appeal of Milan on 19 October 2019. On 27 November 2019 Alstom filed its defense and counter-appeal. The parties are now waiting for a decision on the admissibility of the recourse, to be given by the so-called "Filter Section" of the Court of Cassation.

South Africa

On 17 March 2014, Bombardier Transportation South Africa (BTSA) entered into a locomotive supply agreement with Transnet for the supply of 240 electric locomotives (LSA). The LSA is part of Transnet's 1064 locomotive project concluded between Transnet and four Original Equipment Manufacturers including BTSA.

On 9 March 2021, Transnet and the Special Investigating Unit (SIU), alleging unlawfulness and irregularities in the procurement process and subsequent award of the 1064 locomotive project, launched review application proceedings in the High Court of South Africa for, amongst other things, the review and setting aside of the respective LSA's concluded with the four Original Equipment Manufacturers including BTSA. The relief sought by Transnet as it relates to BTSA includes: (i) the review and setting aside of the LSA concluded between BTSA and Transnet on 17 March 2014; (ii) that Transnet be entitled to retain the locomotives delivered by BTSA; and (iii) that BTSA be ordered to make restitution to Transnet of the advance payments and profit and/or excess profit earned in the supply of the locomotives.

The procedural steps and timetable for the review application proceedings are yet to be confirmed by the Acting Deputy Judge President of the High Court once he has received representations from the parties cited in the review application by 30 April 2021. These proceedings are at an early stage and the Group is unable, at this stage, to predict their consequences. These matters are also a subject of the investigation by the DOJ, Zondo Commission and the NPA as referenced above.

Sale of Alstom's Energy Businesses in November 2015

Finally, it shall be noted that, by taking over Alstom's Energy Businesses in November 2015, General Electric undertook to assume all risks and liabilities exclusively or predominantly associated with said businesses and in a symmetrical way, Alstom undertook to keep all risks and liabilities associated with the non-transferred business. Cross-indemnification for a duration of 30 years and asset reallocation ("wrong pocket") mechanisms have been established to ensure that, on the one hand, assets and liabilities associated with the Energy businesses being sold are indeed transferred to General Electric and on the other hand, assets and liabilities not associated with such businesses are borne by Alstom. As a result, the consequences of litigation matters that were on-going at the time of the sale and associated with these transferred activities are taken over by General Electric. Indemnity provisions protect Alstom in case of third-party claims directed at Alstom and relating to the transferred activities. For this reason and since Alstom no longer manages these litigation matters, Alstom is ceasing to include them in this section.

There are no other governmental, legal or arbitration procedures, including proceedings of which the Group is aware, and which are pending or threatening, which might have, or have had during the last 12 months, a significant impact on the financial situation or profitability of the Group.

K. OTHER NOTES

NOTE 34. INDEPENDENT AUDITORS' FEES

Fees due to auditors and members of their networks in respect of years ended 31 March 2021 and 31 March 2020 were as follows:

<i>(in € million)</i>	Year ended At 31 March 2021				Year ended At 31 March 2020			
	Mazars		PricewaterhouseCoopers		Mazars		PricewaterhouseCoopers	
	Amount	%	Amount	%	Amount	%	Amount	%
Independent Auditors' diligence, certification, review of individual and consolidated accounts	5.3	78%	5.3	35%	3.3	82%	2.9	64%
<i>ALSTOM SA</i>	2.9	43%	3.0	20%	0.4	10%	0.5	11%
<i>Controlled entities</i>	2.4	35%	2.3	15%	2.9	72%	2.4	53%
Services other than audit of statutory and consolidated financial statements (SACC)	1.5	22%	9.8	65%	0.7	18%	1.6	36%
TOTAL	6.8	100%	15.1	100%	4.0	100%	4.5	100%

Other services mainly include services rendered in connection with the acquisition project of Bombardier Transportation, as well as agreed-upon procedures, other acquisition due diligences, technical consultations on accounting, tax and regulatory matters.

NOTE 35. RELATED PARTIES

The Group has identified the following related parties:

- shareholders of the Group;
- associates & joint ventures;
- key management personnel.

35.1. Shareholders of the Group

The main shareholders of Alstom are:

- the "Caisse de Dépôt et Placement du Québec" (CDPQ), a major Canadian pension fund, holding 17.48% of Alstom's share capital;
- Bouygues, a French company listed on Paris stock market, holding now 3.12% of Alstom's share capital (14.58% at 31 March 2020).

CDPQ Infra, a subsidiary of CDPQ, and Alstom are involved in "construction contracts" which are part of the ordinary course of business.

Bouygues and Alstom are involved in various contracts which are part of the ordinary course of business (e.g. phone contracts, facility management contracts, "construction contracts").

For both, these relations are subject to normal market terms and conditions. Those operating flows are not material at Group's level.

35.2. Associates & joint ventures

Related party transactions are also transactions with companies over which Alstom exercises significant influence or joint ventures over which Alstom exercises joint control. Those transactions with related parties are undertaken at market prices and represent less than 1% of the operational flows (sales and purchases) and balance sheet positions of the Group (trade receivables and payables).

35.3. Key management personnel

The Group considers that key management personnel as defined by IAS 24 are the members of the Executive Committee.

<i>(in € thousand)</i>	Year ended	
	At 31 March 2021	At 31 March 2020
Short-term benefits	9,245	9,775
Fixed gross salaries	5,325	4,836
Variable gross salaries	2,633	3,855
Exceptional amounts	1,287	1,084
Post-employment benefits	2,069	1,010
Post-employment defined benefit plans	5	-
Post-employment defined contribution plans ^(*)	1,992	951
Other post-employment benefits	72	59
Other benefits	5,368	4,573
Non monetary benefits	1,183	1,108
Employer social contributions	4,185	3,465
Share-based payments	3,788	4,515
TOTAL	20,470	19,873

(*) Including amount paid for CEO under art 82 DC plan for 2020/21 corresponding to 1/3 of compensation set following loss of rights after closure of Article 39 DB plan.

NOTE 36. SUBSEQUENT EVENTS

On 4 May 2021, it has been announced to employee representatives the intention to cease the design, marketing and production of Aptis™ buses. Aptis™ is an extremely innovative bus which faced competitive challenges on the highly competitive electric bus market.

The Group has not identified any other subsequent event to be reported other than the items already described above or in the previous notes.

NOTE 37. SCOPE OF CONSOLIDATION

	Country	Ownership %	Consolidation Method
Parent Company			
ALSTOM SA	France	-	Parent Company
Companies			
ALSTOM Algérie "Société par Actions"	Algeria	100	Full consolidation
ALSTOM Grid Algérie SPA	Algeria	100	Full consolidation
ALSTOM Argentina SA	Argentina	100	Full consolidation
Bombardier Transportation Rail Argentina SA	Argentina	100	Full consolidation
ALSTOM Transport Australia Holdings Pty Limited	Australia	100	Full consolidation
ALSTOM Transport Australia Pty Limited	Australia	100	Full consolidation
Bombardier Rail Signalling Services Pty Ltd.	Australia	100	Full consolidation
Bombardier Transportation (Customer Support) Australia Pty Ltd	Australia	100	Full consolidation
Bombardier Transportation (V/Line) Australia Pty Ltd	Australia	100	Full consolidation
Bombardier Transportation Australia Pty Ltd	Australia	100	Full consolidation
NOMAD DIGITAL PTY LTD	Australia	100	Full consolidation
Bombardier Transportation Austria GmbH	Austria	100	Full consolidation
ALSTOM Transport Azerbaijan LLC	Azerbaijan	100	Full consolidation
ALSTOM Belgium SA	Belgium	100	Full consolidation
Bombardier Transportation Belgium NV	Belgium	100	Full consolidation
CABLIANCE BELGIUM	Belgium	100	Full consolidation
NOMAD DIGITAL BELGIUM	Belgium	100	Full consolidation
ALSTOM Brasil Energia e Transporte Ltda	Brazil	100	Full consolidation
Bombardier Transportation Brasil Ltda.	Brazil	100	Full consolidation
ETE – EQUIPAMENTOS DE TRACAO ELETRICA LTDA	Brazil	100	Full consolidation
Bombardier Transportation Bulgaria LLC	Bulgaria	100	Full consolidation
10397962 Canada Inc.	Canada	100	Full consolidation
10412767 Canada Inc.	Canada	100	Full consolidation
10412805 Canada Inc.	Canada	100	Full consolidation
ALSTOM Transport Canada Inc.	Canada	100	Full consolidation
Bombardier TransEd GP Inc.	Canada	100	Full consolidation
Bombardier TransEd GP Manitoba Inc.	Canada	100	Full consolidation
Bombardier TransEd Holdings LP	Canada	100	Full consolidation
Bombardier Transportation (Capital) Canada Inc.	Canada	100	Full consolidation
Bombardier Transportation Canada Inc.	Canada	100	Full consolidation
Bombardier Transportation Canada Participation Inc.	Canada	100	Full consolidation
Bombardier Transportation Treasury Canada Inc.	Canada	100	Full consolidation
Bombardier Western Pacific Enterprises Electrical Installation General Partnership	Canada	51	Full consolidation
ALSTOM Chile SA	Chile	100	Full consolidation
Bombardier Transportation (Chile) SA	Chile	100	Full consolidation
ALSTOM Hong Kong Ltd	China	100	Full consolidation
ALSTOM Investment Company Limited	China	100	Full consolidation
ALSTOM Qingdao Railway Equipment Co Ltd	China	51	Full consolidation
Bombardier Investment Management and Consulting (Beijing) Co., Limited	China	100	Full consolidation
Bombardier Railway Transportation Equipment (Shanghai) Co., Ltd.	China	100	Full consolidation
Bombardier Transportation (Engineering Service) Beijing Co., Ltd.	China	100	Full consolidation

	Country	Ownership %	Consolidation Method
Bombardier Transportation China Ltd.	China	100	Full consolidation
Bombardier Transportation Consulting (Shanghai) Co., Ltd.	China	100	Full consolidation
Bombardier Transportation Railway Equipment (Qingdao) Co., Ltd	China	100	Full consolidation
Chengdu ALSTOM Transport Electrical Equipment Co., Ltd.	China	60	Full consolidation
SHANGHAI ALSTOM Transport Electrical Equipment Company Ltd	China	60	Full consolidation
TRANSLOHR INDUSTRIAL (TIANJIN) CO. LTD	China	100	Full consolidation
XI'AN ALSTOM YONGJI ELECTRIC EQUIPMENT CO., LTD	China	51	Full consolidation
Bombardier Transportation Colombia, SAS	Colombia	100	Full consolidation
Bombardier Transportation Czech Republic a.s.	Czech Republic	98	Full consolidation
ALSTOM Transport Danmark A/S	Denmark	100	Full consolidation
Bombardier Transportation Denmark A/S	Denmark	100	Full consolidation
NOMAD DIGITAL (DENMARK) APS	Denmark	100	Full consolidation
NOMAD DIGITAL APS	Denmark	100	Full consolidation
ALSTOM Egypt for Transport Projects SAE	Egypt	99	Full consolidation
AREVA INTERNATIONAL EGYPT FOR ELECTRICITY TRANSMISSION & DISTRIBUTION	Egypt	100	Full consolidation
Bombardier Transportation Egypt, LLC	Egypt	100	Full consolidation
Bombardier Transportation Ethiopia PLC	Ethiopia	100	Full consolidation
ALSTOM Transport Finland Oy	Finland	100	Full consolidation
Bombardier Transportation Finland Oy	Finland	100	Full consolidation
ALSTOM APTIS	France	100	Full consolidation
ALSTOM Executive Management	France	100	Full consolidation
ALSTOM Holdings	France	100	Full consolidation
ALSTOM IBRE	France	100	Full consolidation
ALSTOM Kleber Sixteen	France	100	Full consolidation
ALSTOM Leroux Naval	France	100	Full consolidation
ALSTOM Network Transport	France	100	Full consolidation
ALSTOM Omega 1	France	100	Full consolidation
ALSTOM Percy	France	100	Full consolidation
ALSTOM SHIPWORKS	France	100	Full consolidation
ALSTOM Transport SA	France	100	Full consolidation
ALSTOM Transport Technologies	France	100	Full consolidation
Bombardier Transport France SAS	France	100	Full consolidation
CENTRE D'ESSAIS FERROVIAIRES	France	96	Full consolidation
ETOILE KLEBER	France	100	Full consolidation
INTERINFRA (COMPAGNIE INTERNATIONALE POUR LE DÉVELOPPEMENT D'INFRASTRUCTURES)	France	50	Full consolidation
LORELEC	France	100	Full consolidation
NEWTL	France	100	Full consolidation
NOMAD DIGITAL France	France	100	Full consolidation
NTL HOLDING	France	100	Full consolidation
StationOne	France	100	Full consolidation
ALSTOM Lokomotiven Service GmbH	Germany	100	Full consolidation
ALSTOM Transport Deutschland GmbH	Germany	100	Full consolidation
Bombardier Transportation (Bahntechnologie) Holding Germany GmbH	Germany	100	Full consolidation
Bombardier Transportation (Germany) S.L. & Co. KG	Germany	100	Full consolidation
Bombardier Transportation (Locomotives) Germany GmbH	Germany	100	Full consolidation
Bombardier Transportation (Propulsion & Controls) Germany GmbH	Germany	100	Full consolidation

	Country	Ownership %	Consolidation Method
Bombardier Transportation GmbH	Germany	100	Full consolidation
Bombardier Transportation Signal Germany GmbH	Germany	100	Full consolidation
InoSig GmbH	Germany	100	Full consolidation
NOMAD DIGITAL GMBH	Germany	100	Full consolidation
VGT VORBEREITUNGSGESELLSCHAFT TRANSPORTTECHNIK GMBH	Germany	100	Full consolidation
J&P AVAX SA – ETETH SA – ALSTOM TRANSPORT SA	Greece	34	Full consolidation
ALSTOM Transport Hungary Zrt.	Hungary	100	Full consolidation
Bombardier Transportation Hungary Kft.	Hungary	100	Full consolidation
ALSTOM Manufacturing India Private Limited	India	100	Full consolidation
ALSTOM Systems India Private Limited	India	95	Full consolidation
ALSTOM Transport India Limited	India	100	Full consolidation
Bombardier Transportation India Private Limited	India	100	Full consolidation
MADHEPURA ELECTRIC LOCOMOTIVE PRIVATE LIMITED	India	74	Full consolidation
NOMAD DIGITAL (INDIA) PRIVATE LIMITED	India	70	Full consolidation
TWENTY ONE NET (INDIA) PRIVATE LTD	India	100	Full consolidation
PT ALSTOM Transport Indonesia	Indonesia	67	Full consolidation
ALSTOM Khadamat S.A.	Iran	100	Full consolidation
ALSTOM Transport Ireland Ltd	Ireland	100	Full consolidation
Bombardier Transportation Israel Ltd.	Israel	100	Full consolidation
CITADIS ISRAEL LTD	Israel	100	Full consolidation
ALSTOM Ferroviaria S.p.A.	Italy	100	Full consolidation
ALSTOM Services Italia S.p.A.	Italy	100	Full consolidation
Bombardier Transportation (Holdings) Italy S.p.A.	Italy	100	Full consolidation
Bombardier Transportation Italy S.p.A.	Italy	100	Full consolidation
NOMAD DIGITAL ITALIA S.R.L.	Italy	100	Full consolidation
ALSTOM Kazakhstan LLP	Kazakhstan	100	Full consolidation
EKZ Service Limited Liability Partnership	Kazakhstan	80	Full consolidation
ELECTROVOZ KURASTYRU ZAUYYT LLP	Kazakhstan	80	Full consolidation
Bombardier Transportation Baltics SIA	Latvia	100	Full consolidation
Bombardier Transportation Financial Services S.à r.l.	Luxembourg	100	Full consolidation
Bombardier Transportation Luxembourg Capital S.à r.l.	Luxembourg	100	Full consolidation
Bombardier Transportation Luxembourg Finance SA	Luxembourg	100	Full consolidation
Bombardier Transportation Luxembourg Investments SA	Luxembourg	100	Full consolidation
ALSTOM Transport (Malaysia) Sdn Bhd	Malaysia	100	Full consolidation
Bombardier (Malaysia) Sdn. Bhd.	Malaysia	100	Full consolidation
Bombardier (Mauritius) Ltd.	Mauritius	100	Full consolidation
Bombardier Holding (Mauritius) Ltd.	Mauritius	100	Full consolidation
ALSTOM Transport Mexico, S.A. de C.V.	Mexico	100	Full consolidation
Bombardier Transportation Mexico, S.A. de C.V.	Mexico	100	Full consolidation
BT Ensembles México, S. de R.L. de C.V.	Mexico	100	Full consolidation
BT México Controladora, S. de R.L. de C.V.	Mexico	100	Full consolidation
BT Personal México, S. de R.L. de C.V.	Mexico	100	Full consolidation
ALSTOM CABLIANCE	Morocco	100	Full consolidation
ALSTOM Transport Maroc SA	Morocco	100	Full consolidation
Bombardier Transport Maroc SAS	Morocco	100	Full consolidation
ALSTOM Fleet Maintenance B.V.	Netherlands	100	Full consolidation
ALSTOM Fleet Services B.V.	Netherlands	100	Full consolidation

	Country	Ownership %	Consolidation Method
ALSTOM Maintenance B.V.	Netherlands	100	Full consolidation
ALSTOM Rail Assets B.V.	Netherlands	100	Full consolidation
ALSTOM Traction B.V.	Netherlands	100	Full consolidation
ALSTOM Transport B.V.	Netherlands	100	Full consolidation
ALSTOM Transport Holdings B.V.	Netherlands	100	Full consolidation
ALSTOM Vastgoed B.V.	Netherlands	100	Full consolidation
ALSTOM Wagon Service B.V.	Netherlands	100	Full consolidation
Bombardier Holdings Netherlands B.V.	Netherlands	100	Full consolidation
Bombardier Transportation (Participations) Netherlands B.V.	Netherlands	100	Full consolidation
Bombardier Transportation Global Holding SE	Netherlands	100	Full consolidation
Bombardier Transportation Netherlands B.V.	Netherlands	100	Full consolidation
NOMAD DIGITAL B.V.	Netherlands	100	Full consolidation
AT NIGERIA LIMITED	Nigeria	100	Full consolidation
ALSTOM Enio ANS	Norway	100	Full consolidation
ALSTOM Transport Norway AS	Norway	100	Full consolidation
Bombardier Transportation Norway AS	Norway	100	Full consolidation
ALSTOM Panama, SA	Panama	100	Full consolidation
ALSTOM Transport Peru SA	Peru	100	Full consolidation
ALSTOM Transport Construction Philippines, Inc	Philippines	100	Full consolidation
Bombardier Transportation (Shared Services) Philippines, Inc.	Philippines	100	Full consolidation
Bombardier Transportation Philippines, Inc.	Philippines	100	Full consolidation
ALSTOM Konstal Spolka Akcyjna	Poland	100	Full consolidation
Bombardier Transportation (ZWUS) Polska Sp. z o.o.	Poland	100	Full consolidation
Bombardier Transportation Polska Sp. z o.o.	Poland	100	Full consolidation
ALSTOM Transporte Portugal Unipessoal Lda	Portugal	100	Full consolidation
Bombardier Transportation Portugal SA	Portugal	100	Full consolidation
NOMAD TECH, LDA.	Portugal	51	Full consolidation
ALSTOM Transport SA (Romania)	Romania	93	Full consolidation
Bombardier Transportation Shared Services Romania S.R.L.	Romania	100	Full consolidation
ALSTOM Transport Rus LLC	Russian Federation	100	Full consolidation
Limited Liability Company Bombardier Transportation (Rus)	Russian Federation	100	Full consolidation
Bombardier Saudi Arabia Ltd.	Saudi Arabia	100	Full consolidation
ALSTOM Transport (S) Pte Ltd	Singapore	100	Full consolidation
Bombardier (Singapore) Pte. Ltd.	Singapore	100	Full consolidation
Bombardier Transportation (Holdings) Singapore Pte Ltd	Singapore	100	Full consolidation
ALSTOM Southern Africa Holdings (Pty) Ltd	South Africa	100	Full consolidation
ALSTOM Transport Holdings SA (Pty) Ltd	South Africa	100	Full consolidation
ALSTOM Ubunye (Pty) Ltd	South Africa	51	Full consolidation
Bombardier Transportation (Rolling Stock) South Africa Proprietary Limited (RF)	South Africa	100	Full consolidation
Bombardier Transportation South Africa (Pty.) Ltd.	South Africa	74	Full consolidation
Bombela Electrical and Mechanical Works (Pty) Ltd.	South Africa	90	Full consolidation
Bombela Maintenance (Pty) Ltd.	South Africa	90	Full consolidation
GIBELA RAIL TRANSPORT CONSORTIUM (PTY) LTD	South Africa	70	Full consolidation
ALSTOM Korea Transport Ltd	South Korea	100	Full consolidation
Bombardier Transportation Korea Ltd.	South Korea	100	Full consolidation
ALSTOM Espana IB, S.L.	Spain	100	Full consolidation
ALSTOM Transporte, SA	Spain	100	Full consolidation

	Country	Ownership %	Consolidation Method
APLICACIONES TECNICAS INDUSTRIALES, SA	Spain	100	Full consolidation
Bombardier European Holdings, S.L.U.	Spain	100	Full consolidation
Bombardier European Investments, S.L.U.	Spain	100	Full consolidation
Bombardier Transportation (Investments) Spain, S.L.	Spain	100	Full consolidation
Bombardier Transportation (Participations) Spain, S.L.	Spain	100	Full consolidation
ALSTOM Transport AB	Sweden	100	Full consolidation
ALSTOM Transport Information Systems AB	Sweden	100	Full consolidation
Bombardier Aerospace (Holdings) Sweden AB	Sweden	100	Full consolidation
Bombardier Transportation (Nordic Holdings) Sweden AB	Sweden	100	Full consolidation
Bombardier Transportation (Signal) Sweden AB	Sweden	100	Full consolidation
Bombardier Transportation (Signal) Sweden HB	Sweden	67	Full consolidation
Bombardier Transportation Sweden AB	Sweden	100	Full consolidation
ALSTOM Network Schweiz AG	Switzerland	100	Full consolidation
ALSTOM Schienenfahrzeuge AG	Switzerland	100	Full consolidation
Bombardier Transportation (Holdings) Switzerland AG	Switzerland	100	Full consolidation
Bombardier Transportation (Switzerland) AG	Switzerland	100	Full consolidation
Bombardier Transportation Taiwan Ltd.	Taiwan (Province of China)	100	Full consolidation
ALSTOM Transport (Thailand) Co., Ltd.	Thailand	100	Full consolidation
Bombardier Transportation Holdings (Thailand) Ltd.	Thailand	100	Full consolidation
Bombardier Transportation Signal (Thailand) Ltd.	Thailand	100	Full consolidation
ALSTOM T&T Ltd	Trinidad and Tobago	100	Full consolidation
ALSTOM Ulasim Anonim Sirketi	Turkey	100	Full consolidation
Bombardier Transportation Ulasim Dis Ticaret Ltd. Sti.	Turkey	100	Full consolidation
Bombardier Transportation Ukraine, Limited Liability Company	Ukraine	100	Full consolidation
Bombardier Transportation Gulf DMCC	United Arab Emirates	100	Full consolidation
21NET LTD	United Kingdom	100	Full consolidation
ALSTOM Academy for rail	United Kingdom	100	Full consolidation
ALSTOM Network UK Ltd	United Kingdom	100	Full consolidation
ALSTOM NL Service Provision Limited	United Kingdom	100	Full consolidation
ALSTOM Product and Services Limited	United Kingdom	100	Full consolidation
ALSTOM Transport Service Ltd	United Kingdom	100	Full consolidation
ALSTOM Transport UK (Holdings) Ltd	United Kingdom	100	Full consolidation
ALSTOM Transport UK Limited	United Kingdom	100	Full consolidation
Bombardier (UK) CIF Trustee Limited	United Kingdom	100	Full consolidation
Bombardier Transportation (Gautrain) UK Ltd.	United Kingdom	100	Full consolidation
Bombardier Transportation (Global Holding) UK Limited	United Kingdom	100	Full consolidation
Bombardier Transportation (Holdings) UK Ltd.	United Kingdom	100	Full consolidation
Bombardier Transportation (Investment) UK Limited	United Kingdom	100	Full consolidation
Bombardier Transportation (Rolling Stock) UK Ltd.	United Kingdom	100	Full consolidation
Bombardier Transportation (Signal) UK Ltd.	United Kingdom	100	Full consolidation
Bombardier Transportation UK Ltd.	United Kingdom	100	Full consolidation
Bombardier Transportation UK Pension Trustee Limited	United Kingdom	100	Full consolidation
Bombardier Transportation VP Pension Trustee Limited	United Kingdom	100	Full consolidation
Crossfleet Limited	United Kingdom	100	Full consolidation
Infrasig Ltd.	United Kingdom	100	Full consolidation
NOMAD DIGITAL (INDIA) LIMITED	United Kingdom	70	Full consolidation

	Country	Ownership %	Consolidation Method
NOMAD DIGITAL LIMITED	United Kingdom	100	Full consolidation
NOMAD HOLDINGS LIMITED	United Kingdom	100	Full consolidation
Prorail Limited	United Kingdom	100	Full consolidation
SETML Transportation Limited	United Kingdom	100	Full consolidation
South Eastern Train Maintenance Ltd.	United Kingdom	100	Full consolidation
WEST COAST SERVICE PROVISION LIMITED	United Kingdom	100	Full consolidation
WEST COAST TRAINCARE LIMITED	United Kingdom	100	Full consolidation
ALSKAW LLC	USA	100	Full consolidation
ALSTOM Signaling Inc.	USA	100	Full consolidation
ALSTOM Signaling Operation, LLC	USA	100	Full consolidation
ALSTOM Transport Holding US Inc.	USA	100	Full consolidation
ALSTOM Transportation Inc.	USA	100	Full consolidation
Auburn Technology , Inc.	USA	100	Full consolidation
B&C TRANSIT INC.	USA	100	Full consolidation
Bombardier Mass Transit Corporation	USA	100	Full consolidation
Bombardier Transit LLC	USA	100	Full consolidation
Bombardier Transportation (Global) USA Inc.	USA	100	Full consolidation
Bombardier Transportation (Holdings) USA Inc.	USA	100	Full consolidation
Bombardier Transportation Services USA Corporation	USA	100	Full consolidation
Bombardier USA LLC	USA	100	Full consolidation
NOMAD DIGITAL, INC	USA	100	Full consolidation
Southern New Jersey Rail Group L.L.C.	USA	100	Full consolidation
ALSTOM Venezuela, SA	Venezuela	100	Full consolidation
ALSTOM Transport Vietnam Ltd	Vietnam	100	Full consolidation
METROLAB	France	50	Joint Operation
BTREN Mantenimiento Ferroviario SA	Spain	51	Joint Operation
IRVIA MANTENIMIENTO FERROVIARIO, SA	Spain	51	Joint Operation
THE ATC JOINT VENTURE	United Kingdom	38	Joint Operation
CITAL	Algeria	49	Equity Method
TMH ARGENTINA SA ^(*)	Argentina	14	Equity Method
EDI Rail – Bombardier Transportation (Maintenance) Pty Limited	Australia	50	Equity Method
EDI Rail – Bombardier Transportation Pty Ltd	Australia	50	Equity Method
NGR Hold Trust	Australia	10	Equity Method
NGR Holding Company Pty Ltd.	Australia	10	Equity Method
NGR Project Company Pty Ltd.	Australia	10	Equity Method
NGR Project Trust	Australia	10	Equity Method
TransEd O&M Partners General Partnership	Canada	60	Equity Method
TransEd Partners General Partnership	Canada	10	Equity Method
Bombardier NUG Propulsion System Co. Ltd.	China	50	Equity Method
Bombardier NUG Signalling Solutions Company Limited	China	50	Equity Method
Bombardier Sifang (Qingdao) Transportation Ltd.	China	50	Equity Method
Bombardier Transportation Equipment (Suzhou) Co., Ltd.	China	50	Equity Method
CASCO SIGNAL LTD	China	49	Equity Method
Changchun Bombardier Railway Vehicles Company Ltd.	China	50	Equity Method
CRRC Puzhen Bombardier Transportation Systems Limited	China	50	Equity Method
Guangzhou Changke Bombardier Rail Transit Equipment Company Ltd	China	50	Equity Method
SHANGHAI ALSTOM Transport Company Limited	China	40	Equity Method

	Country	Ownership %	Consolidation Method
Shentong Bombardier (Shanghai) Rail Transit Vehicle Maintenance Company Limited	China	50	Equity Method
TRANSMASHHOLDING LIMITED	Cyprus	20	Equity Method
TMH EGYPT FOR DEVELOPMENT S.A.E. ^(*)	Egypt	20	Equity Method
SPEEDINNOV	France	74	Equity Method
TMH DEVELOPMENT GMBH ^(*)	Germany	20	Equity Method
TMH SERVICES GMBH ^(*)	Germany	20	Equity Method
ABC ELECTRIFICATION LTD	United Kingdom	33	Equity Method
TRANSMASHHOLDING HUNGARY INVEST KFT. ^(*)	Hungary	10	Equity Method
TRANSMASHHOLDING HUNGARY KFT ^(*)	Hungary	10	Equity Method
LKZ AO ^(*)	Kazakhstan	10	Equity Method
LLP JV KAZELEKTROPRIVOD	Kazakhstan	50	Equity Method
SMART TECHNOLOGY ALMATY COM TOO ^(*)	Kazakhstan	20	Equity Method
TOO PROMMASHKOMPLEKT ^(*)	Kazakhstan	10	Equity Method
TOO R.W.S. WHEELSET ^(*)	Kazakhstan	20	Equity Method
TRANSMASHHOLDING KAZAKHSTAN-KZ TOO ^(*)	Kazakhstan	20	Equity Method
TMHS ^(*)	Mongolia	20	Equity Method
MALOCO GIE	Morocco	70	Equity Method
RAILCOMP BV	Netherlands	60	Equity Method
TMH DIESEL ENGINE BV ^(*)	Netherlands	20	Equity Method
TMH-ALSTOM BV	Netherlands	60	Equity Method
Bombardier Transportation (Rail Engineering) Polska Sp. z o.o.	Poland	60	Equity Method
AM-TEKH ^(*)	Russian Federation	20	Equity Method
CORPORATE UNIVERSITY OF LOCOMOTIVE TECHNOLOGIES ^(*)	Russian Federation	20	Equity Method
DEMIKHOVSKY MASHINOSTROITELNY ZAVOD OAO ^(*)	Russian Federation	20	Equity Method
DIESEL-INSTRUMENT SPB LLC ^(*)	Russian Federation	10	Equity Method
DIMICROS OAO ^(*)	Russian Federation	9	Equity Method
DOL BRIGANTINA LLC ^(*)	Russian Federation	15	Equity Method
ELTK-URAL LLC ^(*)	Russian Federation	10	Equity Method
FIRM LOCOTECH ^(*)	Russian Federation	20	Equity Method
IVSK OOO ^(*)	Russian Federation	12	Equity Method
IZD TMH LLC ^(*)	Russian Federation	17	Equity Method
KOLOMENSKY ZAVOD OAO ^(*)	Russian Federation	17	Equity Method
KOLOMNA ENERGO DIESEL LLC ^(*)	Russian Federation	17	Equity Method
KOMPANIYA RUSNAN LLC ^(*)	Russian Federation	20	Equity Method
LOCOTECH GLOBAL TRADING ^(*)	Russian Federation	20	Equity Method
LOCOTECH-FOUNDRY PLANTS ^(*)	Russian Federation	15	Equity Method
LOCOTECH-KOMPOSIT LLC ^(*)	Russian Federation	8	Equity Method
LOCOTECH-LEASING ^(*)	Russian Federation	15	Equity Method
LOCOTECH-PROMSERVICE ^(*)	Russian Federation	20	Equity Method
LOCOTECH-SERVICE ^(*)	Russian Federation	20	Equity Method
METROVAGONMASH OAO ^(*)	Russian Federation	15	Equity Method
METROVAGONMASH SERVICE LLC ^(*)	Russian Federation	15	Equity Method
MONTAZHNAYA BAZA OAO ^(*)	Russian Federation	2	Equity Method
MSK KOMPLEKT LLC ^(*)	Russian Federation	20	Equity Method
NERZ LLC ^(*)	Russian Federation	8	Equity Method
NO TIV ZAO ^(*)	Russian Federation	18	Equity Method

	Country	Ownership %	Consolidation Method
NOVOCHERKASSKY ELEKTROVOZOSTROITELNY ZAVOD PROIZVODSTVENNAY KOMPANIYA OOO ^(*)	Russian Federation	20	Equity Method
NPO SYSTEMA LLC ^(*)	Russian Federation	19	Equity Method
OKHOTRESURS LLC ^(*)	Russian Federation	20	Equity Method
OKTYABRSKY ELEKTROVAGONOREMONTNY ZAVOD OAO ^(*)	Russian Federation	15	Equity Method
OVK TMH ZAO ^(*)	Russian Federation	20	Equity Method
PENZADIESELMASH OAO ^(*)	Russian Federation	20	Equity Method
PENZENSKIYE DIESELNIYE DVIGATELY LLC ^(*)	Russian Federation	20	Equity Method
PO BEZHITSKAYA STAL OAO ^(*)	Russian Federation	12	Equity Method
PROFIL LLC ^(*)	Russian Federation	13	Equity Method
RAILCOMP LLC	Russian Federation	60	Equity Method
REKOLD AO ^(*)	Russian Federation	6	Equity Method
ROSLOKOMOTIV ZAO ^(*)	Russian Federation	20	Equity Method
SAPFIR OOO ^(*)	Russian Federation	20	Equity Method
STAGNUM LLC ^(*)	Russian Federation	19	Equity Method
TMH ENERGY SOLUTIONS LLC ^(*)	Russian Federation	20	Equity Method
TMH ENGINEERING ASIA LLC ^(*)	Russian Federation	10	Equity Method
TMH ENGINEERING LLC ^(*)	Russian Federation	20	Equity Method
TMH FINANCE LLC ^(*)	Russian Federation	20	Equity Method
TMH INTERNATIONAL LLC ^(*)	Russian Federation	20	Equity Method
TMH INVESTMENTS LLC ^(*)	Russian Federation	20	Equity Method
TMH PRO LLC ^(*)	Russian Federation	20	Equity Method
TMH TECHNOLOGIE LLC ^(*)	Russian Federation	20	Equity Method
TMH TRACTION SYSTEMS LLC ^(*)	Russian Federation	10	Equity Method
TMH-ELECTROTEKH LLC ^(*)	Russian Federation	20	Equity Method
TMH PTR LLC ^(*)	Russian Federation	20	Equity Method
TMHS LOKALIZATSIYA LLC ^(*)	Russian Federation	10	Equity Method
TORGOVY DOM TMH ZAO ^(*)	Russian Federation	20	Equity Method
TRAMRUS LLC	Russian Federation	60	Equity Method
TRANSCONVERTER LLC ^(*)	Russian Federation	13	Equity Method
TRANSHOLDLEASING AO ^(*)	Russian Federation	4	Equity Method
TRANSMASH OAO ^(*)	Russian Federation	12	Equity Method
TRANSMASHHOLDING ZAO ^(*)	Russian Federation	20	Equity Method
TRTrans LLC	Russian Federation	60	Equity Method
TSEINTR PERSPEKTIVNYKH TECHNOLOGIY TMH LLC ^(*)	Russian Federation	20	Equity Method
TVER-SAFARI LLC ^(*)	Russian Federation	19	Equity Method
TVERSKOY VAGONOSTROITELNY ZAVOD OAO ^(*)	Russian Federation	19	Equity Method
TZENTR PERSPEKTIVNYKH TEKNOLOGIY TMH LLC ^(*)	Russian Federation	20	Equity Method
UPRAVLYAUSCHAYA KOMPANIYA BRYANSKY MASHINOSTROITELNY ZAVOD ZAO ^(*)	Russian Federation	20	Equity Method
VOSKHOD LLC ^(*)	Russian Federation	9	Equity Method
VSEROSSIYSKY NAUCHNO-ISSLEDOVATELSKY I PROEKTNO- KONSTRUKTORSKY INSTITUT ELEKTROVOZOSTROENIYA OAO ^(*)	Russian Federation	13	Equity Method
YUZH DIESELMASH OAO ^(*)	Russian Federation	1	Equity Method
ZAVOD AIT ^(*)	Russian Federation	10	Equity Method
ZENTROSVARMASH OAO ^(*)	Russian Federation	20	Equity Method
ZHELDORREMMASH ^(*)	Russian Federation	15	Equity Method
ZTOV LLC ^(*)	Russian Federation	4	Equity Method

	Country	Ownership %	Consolidation Method
Bombela TKC (Proprietary) Limited	South Africa	25	Equity Method
Isithimela Rail Services (Pty) Ltd.	South Africa	50	Equity Method
TMH AFRICA PLC ^(*)	South Africa	14	Equity Method
EK EISENBAHNKOMONENTEN AG ^(*)	Switzerland	20	Equity Method
First Locomotive Holding AG	Switzerland	15	Equity Method
TMH INTERNATIONAL AG ^(*)	Switzerland	20	Equity Method
TURKMASH VAGON YMALATI SANAYY VE TYCARET ANONYM SYRKETY ^(*)	Turkey	10	Equity Method
LUGANSKTEPLOVOZ OAO ^(*)	Ukraine	15	Equity Method
	United Arab Emirates		
TRANSMASH EAST TRAIN TRADING LLC ^(*)	Emirates	20	Equity Method
LAX Integrated Express Solutions Holdco, LLC	USA	10	Equity Method
LAX Integrated Express Solutions, LLC	USA	10	Equity Method
V/Line Maintenance Pty Ltd	Australia	100	Non consolidated investment
RTA RAIL TEC ARSENAL FAHRZEUGVERSUCHSANLAGE GMBH	Austria	44	Non consolidated investment
MOBILÏÈGE	Belgium	15	Non consolidated investment
4ITEC 4.0	France	23	Non consolidated investment
AIRE URBAINE INVESTISSEMENT	France	4	Non consolidated investment
CADEMCE SAS	France	16	Non consolidated investment
COMPAGNIE INTERNATIONALE DE MAINTENANCE – C.I.M.	France	1	Non consolidated investment
EASYMILE	France	13	Non consolidated investment
ESPACE DOMICILE SA – HABITAT LOYER MODÉRÉ	France	1	Non consolidated investment
FRAMECA – FRANCE MÉTRO CARACAS	France	26	Non consolidated investment
LE PHÉNIX THÉÂTRE DE VALENCIENNES	France	0	Non consolidated investment
MOBILITÉ AGGLOMÉRATION RÉMOISE SAS	France	17	Non consolidated investment
OC'VIA CONSTRUCTION	France	12	Non consolidated investment
OC'VIA MAINTENANCE	France	12	Non consolidated investment
RESTAURINTER	France	35	Non consolidated investment
Société Concessionnaire du Transport sur Voie Réservee de l'Agglomération Caennaise (S.T.V.R.) SA	France	39	Non consolidated investment
Société d'économie mixte locale Le Phénix Théâtre de Valenciennes	France	1	Non consolidated investment
SOCIÉTÉ IMMOBILIÈRE DE VIERZON	France	1	Non consolidated investment
SUPERGRID INSTITUTE SAS	France	2	Non consolidated investment
Valutec SA	France	1	Non consolidated investment
IFB INSTITUT FÜR BAHNTECHNIK GMBH	Germany	20	Non consolidated investment
Partner für Berlin Holding Gesellschaft für Hauptstadt-Marketing mbH	Germany	1	Non consolidated investment
PARS SWITCH	Iran	1	Non consolidated investment
CYLUS CYBER SECURITY LTD.	Israel	13	Non consolidated investment
CONSORZIO ELIS PER LA FORMAZIONE PROFESSIONALE SUPERIORE	Italy	0	Non consolidated investment
CRIT SRL	Italy	1	Non consolidated investment
METRO 5 SPA	Italy	9	Non consolidated investment
T.P.B. TRASPORTI PUBBLICI DELLA BRIANZA S.p.A. (in bankruptcy)	Italy	30	Non consolidated investment
TRAM DI FIRENZE S.p.A.	Italy	9	Non consolidated investment
SUBURBANO EXPRESS, S.A. DE C.V.	Mexico	11	Non consolidated investment
IDEON SA	Poland	0	Non consolidated investment
INWESTSTAR SA	Poland	0	Non consolidated investment
KOLMEX SA	Poland	2	Non consolidated investment
Krakowskie Zakłady Automatyki SA	Poland	12	Non consolidated investment

	Country	Ownership %	Consolidation Method
Normetro ACE Agrupamento do Metropolitano do Porto	Portugal	25	Non consolidated investment
First Locomotive Company LLC	Russian Federation	15	Non consolidated investment
ALBALI SEÑALIZACIÓN, SA	Spain	12	Non consolidated investment
TRAMVIA METROPOLITA DEL BESOS SA	Spain	21	Non consolidated investment
TRAMVIA METROPOLITA, SA	Spain	24	Non consolidated investment
Consenec AG	Switzerland	5	Non consolidated investment
ARGENTINE CLUB LIMITED	United Kingdom	1	Non consolidated investment
TRAMLINK NOTTINGHAM (HOLDINGS) LTD	United Kingdom	13	Non consolidated investment
Whereismytransport Limited	United Kingdom	2	Non consolidated investment
Massachusetts Bay Commuter Railroad Company, LLC	USA	20	Non consolidated investment

(*) Subsidiaries of TMH Limited., consolidated within Alstom financial statements by equity method.

➤ Statutory Auditors' report on the consolidated financial statements

(For the year ended 31 March 2021)

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the annual general meeting of shareholders of Alstom SA

OPINION

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Alstom SA ("the Group") for the year ended 31 March 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 March 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*code de commerce*) and the French Code of Ethics (*code de déontologie*) for statutory auditors, for the period from 1 April 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (*code de déontologie*) for statutory auditors.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

REVENUE AND MARGIN RECOGNITION ON LONG-TERM CONTRACTS

(Note 2.5.6 Sales and costs generated by operating activities, Notes 3, 18 and 22 of the notes to the consolidated financial statements)

Identified risks

As at March 31, 2021, the Group's revenue and earnings before interests and taxes (EBIT) amounting to respectively 8 785 M€ and 300 M€ mainly derive from construction contracts and long-term service agreements ("the long-term contracts").

As described in Note 2.5.6 to the Group consolidated financial statements, revenue on long-term contracts is recognized according to IFRS 15 based on the cost to cost percentage of completion method in order to recognize the revenue from contracts for which revenue recognition is qualified as overtime.

At each closing date, estimates and assumptions by management are required in order to assess:

- The revenue at completion, including contract variations (variation orders, claims and contract amendments);
- The revenue recognized in accordance with the cost to cost method;
- The margin at completion on each contract, incorporating appropriate contingencies to cover identified risks (technical, commercial, etc.) related to the project execution;

We consider the revenue and margin recognition on long-term contracts to be a Key Audit Matter, because of the degree of required management's estimates and judgements and the complexity of internal processes to be implemented in order to recognize the revenue and margin relating to these contracts.

Our response

As part of our audit, we obtained an understanding of the Group's internal processes and controls for management and monitoring of long-term contracts, identified the main controls set up by Alstom that are relevant to our audit, and then tested their operational effectiveness by sampling;

We have assessed the compliance of the revenue recognition accounting principles and methods with IFRS 15 as described in Note 2.5.6. to the financial statements.

We also performed a critical review of the systems and controls implemented by the Group relating to the measurement of the revenue and costs at completion and of the stage of completion.

We took into account the high level of integration of the various IT systems involved in revenue recognition by including IT specialists in our audit team and testing the design, implementation and effectiveness of automated system controls affecting revenue recognition.

For a sample of contracts, selected based on their risk profile including the technical or commercial complexity and/or the financial impact, we have:

- Examined the terms and conditions of the contracts, including contract amendments and variations
- Obtained an understanding of the performance and stage of completion of the contract through discussion with the project and Group management;
- Appreciated for these contracts the analyses of the Group which enabled to conclude on the transfer of progressive control or at completion and, if necessary, the identification of the various performance obligations, variation orders and contract amendments;
- Corroborated the main assumptions of revenue and costs at completion with costs incurred to date,
- Examined externally available evidence, such as customer correspondence, physical progress or the performance of services provided for in the contract, and for the most significant turnkey contracts physical inspection of construction site ;
- Used our experience gained in previous years on these contracts or on similar contracts; and
- Assessed the consistency of the accounting information reflected in the financial statements with the project information obtained.

We verified that Notes 2.5.6, 3, 18 and 22 to Group consolidated financial statements contain the appropriate information.

DISPUTES AND INVESTIGATIONS

(Note 22 Provisions and Note 33 Disputes of the notes to the consolidated financial statements)

Identified risks

As described in Note 22 and Note 33 to Group consolidated financial statements, Alstom's operations lead to the risk of litigation and contractual claims from third parties, moreover, the note 33 to the financial statements describes the on-going investigations and procedures performed by judicial authorities with respect to alleged illegal payments in certain countries.

Alstom assesses the corresponding risk based on assumptions and estimates, to determine whether a provision is recorded or a risk disclosed in the consolidated financial statements. This assessment involves a high level of judgment by Alstom management.

Due to the potential impact on the consolidated financial statements, the degree of management's judgment and the uncertainty around the resolution of those procedures, we consider the assessment of disputes and investigations to be a Key Audit Matter.

Our response

We performed a critical review of litigations, customer claims and judicial procedures, as well as provisions recorded and disclosures provided. Our work consisted in:

- Examining the procedures implemented by management to identify, assess and account for disputes and investigations;
- Inquiring with the in-house legal counsels and analyzing underlying documentation of procedures ongoing;
- Obtaining external legal positions if considered as relevant;
- Examining legal expenses accounts for any indication of legal matters not yet considered;
- Reading minutes of the meetings of the Boards of Directors and of the shareholders' meetings of Alstom's key entities;
- Assessing management's judgment through understanding of precedent outcomes in similar cases and external legal positions;
- Assessing whether any events subsequent to the reporting date for the year ended March 31, 2021 have been taken into account to estimate provisions and in the information provided in the financial statements.
- Verifying that Notes 1.1.2 and 33 to Group consolidated financial statements contains the appropriate disclosures on the status of disputes and related uncertainties.

MEASUREMENT OF FAIR VALUE OF ASSETS AND LIABILITIES RECOGNIZED AS PART OF BOMBARDIER TRANSPORTATION'S ACQUISITION

(Note 1.1.1 The acquisition of Bombardier Transport of the notes to the consolidated financial statements)

Identified risks

On 29 January 2021, Alstom announced the completion of the acquisition of Bombardier Transportation. The proceeds for the acquisition were established at € 5,1 billion, financed through share capital increases, by way of set-off of receivables, reserved to the benefit of Bombardier Transportation shareholders, Caisse de dépôt et placement du Québec ("CDPQ") and Bombardier Inc. ("BI"), and in cash for the remaining portion. As per IFRS 3, the subscription has been measured based on the fair value of Alstom's shares issued at the Completion Date, which is represented by the market price of Alstom's shares at 29 January 2021. Consequently, the fair-value of the consideration transferred has been established at € 5,4 billion.

Bombardier Transportation has been consolidated in Alstom Group financial statements since acquisition date, January 29th, 2021 with an amount of Group share equity of € -2,2 billion.

The Group determined the fair value of the identifiable assets acquired and liabilities assumed of Bombardier Transportation in accordance with IFRS 3. The acquisition thus resulted in the recording of €2 billion tangible and intangible assets net of liabilities assumed and a provisional goodwill recognized on the transaction of €7,6 billion. Allocation of the purchase price remains provisional as of March 31st, 2021 (and until January 29, 2022).

We consider the measurement of assets and liabilities recognized within the scope of the Bombardier Transportation purchase price allocation to be a key audit matter due to the significant amounts at stake and the estimates required from the Group Management, notably in determining the fair value of technologies and customer relationships, as well as the measurement of Bombardier Transportation's liabilities and contingent liabilities as at the acquisition date.

Our response

As part of our audit, we obtained the legal documentation relating to the operation, as well as the report issued by the external valuation expert engaged by Management to perform the purchase price allocation and to assist Management with the identification of assets and liabilities recognized within the scope of the Bombardier Transportation acquisition.

An audit of the opening balance sheet of Bombardier Transportation as of January 29th, 2021 was carried out covering the main entities included in the consolidation scope and a sample of contracts selected based on risk and materiality criteria. The audit procedures performed were aimed at ensuring the alignment with Alstom accounting principles on key aggregates and examining the key assumptions and projects estimates at completion at acquisition date used to prepare Alstom Group financial statements.

With the involvement of valuation experts in our audit team, our work consisted in:

- Assess the appropriateness of the process used to identify liabilities, contingent liabilities and intangible assets acquired, corroborating them with (i) our discussions with Management and (ii) our understanding of the acquired business;
- analyzing the valuation methods used by Management to measure the fair value of assets and liabilities acquired;
- analyzing the valuation assumptions used by comparing them to the source data and sector market data;
- performing arithmetic controls on the various valuations carried out;
- analyzing the consistency of the purchase price allocation taken as a whole, and of the resulting residual goodwill.

We verified that Note 1.1.1 to the Group consolidated financial statements contains the appropriate information.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verification required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (*code de commerce*) is included in the Group's management report, it being specified that, in accordance with Article L.823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Format of the presentation of the consolidated financial statements intended to be included in the annual financial report

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the consolidated financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No 2019/815 of 17 December 2018 to years beginning on or after January 1st, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*code monétaire et financier*).

Appointment of the Statutory Auditors

We, PricewaterhouseCoopers Audit and Mazars, were appointed as statutory auditors of Alstom SA by the annual general meeting held on 23 June 2009. As at 31 March 2021, PricewaterhouseCoopers Audit and Mazars were in the 12th year of total uninterrupted engagement.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*code de commerce*) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La-Défense, 21 May 2021

The statutory auditors

PricewaterhouseCoopers Audit

Édouard Demarcq

Édouard Cartier

MAZARS

Jean-Luc Barlet

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

➤ Unaudited pro forma condensed combined financial information as of 31 March 2021

INTRODUCTION

Background information

The unaudited pro forma condensed combined financial information of Alstom (together with Bombardier Transportation (Investment) UK Limited and its consolidated subsidiaries, the “**Combined Group**”) includes the unaudited pro forma condensed combined statement of income for the 12-month period ended 31 March 2021 with the related explanatory notes (together the “**Unaudited Pro Forma Condensed Combined Financial Information**”) and has been prepared to represent the pro forma effects of the acquisition of the sole control over the entities forming part of the global rail solutions division of Bombardier, which was completed on 29 January 2021 (the “**Transaction**”) and of the related financing transactions.

The unaudited pro forma condensed combined statement of income has been prepared assuming that the Transaction was completed on 1 April 2020.

The Unaudited Pro Forma Condensed Combined Financial Information has been prepared for illustrative purposes only, and, by its nature, is not intended to represent or to be indicative of the actual results of operations that the Combined Group would have recorded, had the Transaction been completed as of 1 April 2020, nor is the Unaudited Pro Forma Condensed Combined Financial Information necessarily indicative of the future operating results of the Combined Group.

Accounting treatment of the transaction

Considering the guidance in IFRS 3 “Business Combinations” (“IFRS 3”) and the acquisition agreement entered into by Alstom, Bombardier Inc. and Caisse de dépôt et placement du Québec (“**CDPQ**”) on 16 September 2020 as amended on 28 January 2021 (the “**Acquisition Agreement**”), Alstom management determined that Alstom is the acquirer and that Bombardier Transportation is the acquiree for accounting purposes, given that Alstom has acquired 100% of Bombardier Transportation’s shares.

By applying the principles in IFRS 3, as Bombardier Transportation is the acquiree, its identifiable assets acquired and liabilities assumed are initially recognized at their fair values as of 29 January 2021 (the “**Completion Date**”). The measurement of the acquirer’s assets and liabilities is not affected by the Transaction.

Preparation of pro forma information

The Unaudited Pro Forma Condensed Combined Financial Information is presented in millions of Euros.

The Unaudited Pro Forma Condensed Combined Financial Information is presented in accordance with Annex 20 of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 “Pro Forma Information”, the recommendation issued by ESMA (formerly CESR) (ESMA32-382-1138 of 4 March 2021) and the recommendation n° DOC-2021-02 issued by AMF (*Autorité des marchés financiers*) on pro forma financial information issued on 8 January 2021 and modified on 29 April 2021.

The Unaudited Pro Forma Condensed Combined Financial Information is based on:

- Alstom’s consolidated financial statements as of and for the year ended 31 March 2021 prepared in accordance with IFRS as adopted by the European Union. These annual financial statements were audited by PricewaterhouseCoopers Audit and Mazars;
- Bombardier Transportation (Global Holding) UK Limited’s consolidated financial statements as of and for the year ended 31 December 2020, Bombardier Transportation (Global Holding) UK Limited’s consolidated financial statements as of and for the 3-month period ended 31 March 2020, as well as Bombardier Transportation (Global Holding) UK Limited’s consolidated statement of income as of and for the 1-month period ended 31 January 2021, each of them prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB). The annual financial statements as of and for the year ended 31 December 2020 were audited by Ernst & Young, and the interim financial statements as of and for the 3-month period ended 31 March 2020 were the subject of a limited review by Ernst & Young.

As part of the Transaction, Alstom also acquired certain assets and liabilities of Bombardier Transportation (Investment) UK Limited, which is the holding company of Bombardier Transportation (Global Holding) UK Limited. The corresponding income and expenses are not included in the historical financial information used for the preparation of the Unaudited Pro Forma Condensed Combined Financial Information as they are immaterial to the Combined Group (nil on Net result).

The pro forma adjustments to the Unaudited Pro Forma Condensed Combined Financial Information are limited to those that are (i) directly attributable to the Transaction and (ii) factually supportable. The Unaudited Pro Forma Condensed Combined Financial Information does not reflect items such as synergies or operating efficiencies that may result from the Transaction or restructuring and integration costs that may be incurred as a result of the Transaction. The Unaudited Pro Forma Condensed Combined Financial Information is based upon certain assumptions that Alstom believes are reasonable at the date of this Universal Registration Document and in the context of the Acquisition Agreement.

Given all assumptions taken and the assessments performed on a preliminary basis for the purpose of the Unaudited Pro Forma Condensed Combined Financial Information, the actual results of operations of the Combined Group in the future may differ from these pro forma amounts as additional information becomes available and as additional analyses are performed.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME FOR THE 12-MONTH PERIOD ENDED 31 MARCH 2021

<i>(in € million)</i>	Alstom historical Year ended 31 March 2021	Bombardier Transportation under pro forma presentation 10-month (10 m) period ended 31 January 2021	Unaudited pro forma adjustments	Unaudited Combined Group pro forma
Sales	8,785	5,191		13,976
Cost of sales	(7,400)	(5,664)	(299)	(13,363)
Research and development expenses	(318)	(68)	(47)	(433)
Selling and administrative expenses	(633)	(324)		(957)
Other income / (expense)	(134)	(10)		(144)
Earnings Before Interest and Taxes	300	(875)	(346)	(921)
Financial income	4	32		36
Financial expense	(72)	(65)		(137)
Pre-tax income	232	(908)	(346)	(1,022)
Income Tax Charge	(63)	22	93	52
Share of net income of equity-accounted investments	83	88		171
Net profit from continuing operations	252	(798)	(253)	(799)
Net profit from discontinued operations	7	-		7
NET PROFIT	259	(798)	(253)	(792)
Attributable to:				
• Group share	247	(801)	(253)	(807)
• Minority interests	12	3	-	15

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Basis of preparation

Alstom's underlying figures correspond to the ones published in its audited consolidated financial statements as of and for the year ended 31 March 2021.

Bombardier Transportation's underlying figures are derived from Bombardier Transportation (Global Holding) UK Limited's historical consolidated financial statements. Bombardier Transportation's statement of income column for the 10-month period ended 31 January 2021 has been prepared by:

- considering the statement of income line items amounts appearing in Bombardier Transportation (Global Holding) UK Limited's audited annual financial statements as of and for the year ended 31 December 2020; and
- subtracting the amounts in its statement of income for the 3-month period ended 31 March 2020 appearing in Bombardier Transportation (Global Holding) UK Limited's interim financial statements as of and for the 3-month period ended 31 March 2020, and adding the amounts in its statement of income for the 1-month period ended 31 January 2021. See table included in Note "10-month period statement of income" below.

Reclassifications made to the Bombardier Transportation (Global Holding) UK Limited's historical statement of income

Certain reclassifications have been made of items in Bombardier Transportation (Global Holding) UK Limited's historical statement of income to align its presentation to that of Alstom's one.

See table included in Note "Adjustments made to Bombardier Transportation (Global Holding) UK Limited's historical statement of income" below.

Significant accounting methods and estimates

The management of both Alstom and Bombardier Transportation performed a comparison of their accounting methods and estimates. The assessment did not result in the identification of significant differences except for the differences listed in Note "Adjustments made to Bombardier Transportation (Global Holding) UK Limited's historical statement of income" below.

Restatement of transactions with Bombardier Inc. prior to the Completion Date

On the Completion Date, Bombardier Inc. terminated all the intercompany agreements with Bombardier Transportation. Some adjustments have been reflected on Bombardier Transportation's historical statement of income for the 10-month period as of 31 January 2021. See detail in Note "Adjustments made to Bombardier Transportation (Global Holding) UK Limited's historical statement of income" below.

Intercompany transactions

Subsequent to the Completion Date, transactions occurring between Alstom and Bombardier Transportation represent intercompany transactions that are eliminated in the Combined Group's consolidated financial statements as of 31 March 2021. No elimination has been reflected as pro forma adjustments in the Unaudited Pro Forma Condensed Combined Financial Information for the transactions prior to the Completion Date, as transactions between Alstom and Bombardier Transportation prior to the Completion Date are not significant.

Transaction costs

Alstom's acquisition-related costs primarily comprise legal, financial and advisory costs. By their nature, these costs are not expected to have a recurring impact on the performance of the Combined Group going forward. All the costs have been incurred prior to 31 March 2021.

For the transaction costs related to the business combination, the costs incurred by Alstom have been reflected in Alstom's 31 March 2021 historical statement of income in Other expense for an amount of €102 million before tax. Other non-recurring finance costs directly linked to the Transaction have been recorded in Financial expense for €23 million before tax, of which €19 million for the ineffective part related to the hedging of Bombardier Transportation's purchase price.

In addition, Bombardier Transportation has also incurred transaction and integration costs for the 12-month period ended 31 March 2021. These costs have been reflected in the historical statements of income of Bombardier Transportation (until 31 January 2021) and Alstom (starting from 1 February 2021) for an amount of €8.4 million before tax.

Financing and facilities

The incremental yearly financial expense linked to the issuance in January 2021 of the €750 million bonds and to the increase of the facilities (RCF and CGFA) due to the Transaction is not significant.

Purchase price allocation adjustments

At Completion Date, Bombardier Transportation's identifiable assets acquired and liabilities assumed are recognized at their fair values at that date with any remaining difference in the consideration transferred recorded as goodwill. The assets and liabilities have been measured on a provisional basis. If new information obtained within one year of the Completion Date about facts and circumstances that existed at the Completion Date identifies adjustments to these fair values, then the purchase price allocation adjustments may be revised.

The pro forma adjustments related to the provisional fair value step-up on assets acquired correspond to the incremental profit and loss impacts for the period from 1 April 2020 to 31 January 2021. Those impacts are already reflected in Alstom's 31 March 2021 historical statement of income for the 2-month period from 1 February 2021 to 31 March 2021.

Purchase price allocation adjustments

For the purpose of the unaudited pro forma condensed combined statement of income for the year ended 31 March 2021, the PPA adjustments related to the provisional fair value step-up on assets acquired consisted in:

- adding the 10-month period (from 1 April 2020 to 29 January 2021) amortization related to the fair value of intangible assets recognised as a result of Bombardier Transportation's combination (technologies, backlog, customer relationships, others);
- adding the 10-month period (from 1 April 2020 to 29 January 2021) depreciation of the fair value step-up of properties, plant and equipment;
- adding the 10-month period (from 1 April 2020 to 29 January 2021) impact related to the reset at acquisition date of hedge relationships related to Bombardier Transportation's commercial activity. Outstanding foreign exchange derivatives were therefore re-designated in new hedging relationships at the Completion Date, leading to hedged commercial contracts being valued using the exchange rate applicable as of the Completion Date.

The provisional purchase price allocation reflects the provisional outputs from the valuation work performed by Alstom with the support of an independent valuation expert. Fair values have been determined as of

29 January 2021 and have been used, as they stand, for the purpose of the Unaudited Pro Forma Consolidated Financial Information.

The following is a description of each significant provisional fair value step-up on assets acquired:

<i>(in € million)</i>	Fair Value	10 month P&L impact reflected in the pro forma
Estimated Preliminary Fair Value of intangible and tangible assets	3,562	(363)
Reset of hedged rates	30	17
• of which accounted for in Cost of sales ⁽¹⁾		(299)
• of which accounted for in Research and development ⁽²⁾		(47)

- (1) Represents the 10-month amortization related to the fair value of customer related assets and to the fair value step-up of property plant and equipment taking into account their estimated weighted average useful life. In addition, the reset of hedged rates leads to an increase of the gross margin on contracts (compared hedged rates used by Bombardier Transportation) to be recognized over the period 2020/21 to 2026/27 according to forecasted project cash flows.
 (2) Represents the 10-month amortization related to the fair value of technologies taking into account their estimated weighted average useful life.

The 12-month expense relating to the amortization of the fair value of intangible and of the fair value step up of tangible assets, including the reset of hedged rates, amounts to €416 million.

In addition, Alstom will provide access to certain interfaces and products for some of Bombardier Transportation's Signalling On-Board Units and Train Control Management Systems (TCMS).

Tax effect

The tax related adjustment in the line "Income Tax Charge" represents the tax effect of the adjustments using a 27% tax rate corresponding to Alstom's 31 March 2021 effective tax rate.

The Divested Businesses' contribution included in the unaudited pro forma condensed combined statement of income is as follows:

<i>(in € million)</i>	
Sales	370
Earnings Before Interest and Taxes	(23)

Divestitures

The European Commission cleared the Transaction on 31 July 2020, subject to certain conditions, including the sale of certain assets (the «Divestitures» or the "Divested Businesses"). The Divestitures were subject to the Completion of the Transaction.

These figures are based upon information available as of the date of issuance of the Unaudited Pro Forma Condensed Combined Financial Information and certain preliminary estimates and assumptions which are believed to be reasonable. Potential additional divestments or other decisions that could occur in the future are neither reflected in the Unaudited Pro Forma Condensed Combined Financial Information nor in the figures above.

The Divested Businesses include the following:

- Bombardier Transportation's contribution to the V300 ZEFIRO very high-speed train;
- Alstom Coradia Polyvalent and the Reichshoffen production site in France;
- Bombardier TALENT 3 platform and dedicated production facilities located within the Hennigsdorf site in Germany.

BOMBARDIER TRANSPORTATION FIGURES

10-month period statement of income

Bombardier Transportation's statement of income column for the 10-month period ended 31 January 2021 has been prepared by:

- considering the statement of income line items amounts appearing in Bombardier Transportation (Global Holding) UK Limited's audited annual financial statements as of and for the year ended 31 December 2020; and

- subtracting the amounts in its statement of income for the 3-month period ended 31 March 2020 appearing in Bombardier Transportation (Global Holding) UK Limited's interim financial statements as of and for the 3-month period ended 31 March 2020, and adding the amounts in its statement of income for the 1-month period ended 31 January 2021.

<i>(in € million)</i>	Year-end consolidated financial statements	Interim consolidated financial statements	Recalculated	Management account	Recalculated
	Year ended 31 December 2020	Quarter ended 31 March 2020	9-months period 1 April 2020-31 December 2020	One-month period ended 31 January 2021	10-months period 1 April 2020-31 January 2021
Sales	6,875	1,968	4,907	534	5,441
Cost of sales	(7,065)	(1,811)	(5,254)	(521)	(5,775)
Research and development expenses	(84)	(21)	(63)	(5)	(68)
Selling and administrative expenses	(507)	(117)	(390)	(23)	(413)
Other income / (expense)	(2)	-	(2)	-	(2)
Share of income of joint ventures and associates	94	9	85	3	88
Special items	(7)	-	(7)	(1)	(8)
Earnings Before Interest and Taxes	(696)	28	(724)	(13)	(737)
Financial income	34	12	22	10	32
Financial expense	(84)	(22)	(62)	(3)	(65)
Pre-tax income	(746)	18	(764)	(6)	(770)
Income Tax Charge	(19)	(26)	7	2	9
Share of net income of equity-accounted investments	-	-	-	-	-
Net profit from continuing operations	(765)	(8)	(757)	(4)	(761)
Net profit from discontinued operations	-	-	-	-	-
NET PROFIT	(765)	(8)	(757)	(4)	(761)
Attributable to:					
• Group share	(769)	(9)	(760)	(4)	(764)
• Minority interests	4	1	3	-	3

Adjustments made to Bombardier Transportation (Global Holding) UK Limited's historical statement of income

Certain adjustments have been made of items in Bombardier Transportation (Global Holding) UK Limited's historical statement of income to reflect the termination of intercompany agreements with Bombardier Inc., comply with the presentation of the statement of income to that of Alstom's one and to align accounting methods and estimates:

<i>(in € million)</i>	Bombardier Transportation historical 10-month period ended 31 January 2021	Restatement of transactions with Bombardier Inc.	Reclassification	Alignment of accounting methods and estimates	Bombardier Transportation under pro forma presentation 10-month period ended 31 January 2021
Sales	5,441	-	-	(250)	5,191
Cost of sales	(5,775)			111	(5,664)
Research and development expenses	(68)				(68)
Selling and administrative expenses	(413)	89			(324)
Other income / (expense)	(2)		(8) ^(a)		(10)
Share of income of joint ventures and associates	88		(88) ^(b)		-
Special items	(8)		8 ^(a)		-
Earnings Before Interest and Taxes	(737)	89	(88)	(139)	(875)
Financial income	32	-	-	-	32
Financial expense	(65)	-	-	-	(65)
Pre-tax income	(770)	89	(88)	(139)	(908)
Income Tax Charge	9	(24)	-	37	22
Share of net income of equity-accounted investments	-		88 ^(b)		88
Net profit from continuing operations	(761)	65	-	(102)	(798)
Net profit from discontinued operations	-	-	-	-	-
NET PROFIT	(761)	65	-	(102)	(798)
Attributable to:					
• Group share	(764)	65	-	(102)	(801)
• Minority interests	3	-	-	-	3

The research and development costs do not reflect the level of investment that the Combined Group intends to incur in the future. The adjustments are limited in numbers and are not comprehensive on that item.

Restatement of transactions with Bombardier Inc.

On the closing date of the transaction, Bombardier Inc. terminated all intercompany agreements with Bombardier Transportation:

- The Long Term Incentives plans related to Bombardier Transportation employees have ended on the Completion Date. All related costs will be born by Bombardier Inc. Consequently, the IFRS 2 charges have been restated in the Bombardier Transportation 10-month accounting records as of 31 January 2021 for €(8) million.
- The corporate fees towards Bombardier Inc. have been restated in the Bombardier Transportation 10-month accounting records as of 31 January 2021 for an amount totaling €14 million, as no additional corporate costs is expected after the Completion Date compared to those recorded in Alstom historical statement of income.

- Bombardier Transportation has recorded a prepaid asset related to the Parent Company Guarantee fees which were amortized over the guaranteed periods. As of the Completion Date, a write off has been recorded for the full amount as the guarantee services will no longer be provided by Bombardier Inc. This impairment has been reversed in the Bombardier Transportation 10-month accounting records as of 31 January 2021 for €83 million assuming that the Transaction was completed on 1 April 2020.

Reclassifications

- (a) Special items reclassified in Other income / (expense) (€8 million).
- (b) Share of income of joint ventures and associates transferred on the dedicated line below Pre-tax income (€88 million).

Alignment of accounting methods and estimates

The management of both Alstom and Bombardier Transportation performed a comparison of their accounting methods. The assessment did not result in the identification of significant differences except for the following:

- Practical application of the cost-to-cost method:** Alstom and Bombardier Transportation both apply the “cost-to-cost” method to recognize revenue to reflect the progress of each performance obligation over time in application of IFRS 15. However, the two groups have a different approach regarding the timing of contribution to the percentage of completion of activities relating to the purchase of goods and the production of semi-finished products: Alstom considers that purchases of materials and equipment and the production of semi-finished goods that are «standard» do not contribute to the progress of the contract until the achievement of a certain level of industrial integration and customization. This implies that these elements are initially recorded in inventories in application of IAS 2, with the revenue being recognized once these materials are taken out of inventories to be consumed in the train manufacturing process. Bombardier Transportation considers that these materials are project specific immediately upon receipt and during construction in the case of semi-finished goods, and consequently contribute to the percentage of completion of the relevant project; hence they are recognized in cost and revenues upon receipt (materials) or during construction (semi-finished goods). This timing difference in the recognition of those costs in cost of sales has an impact on the profit and loss (which generates revenue and margin recognition).

- R&D costs:** Bombardier Transportation considers that development costs incurred for the fulfilment of several contracts with customers (and not only for one specific contract) are to be taken into account in full in the cost-to-cost method of measuring progress of the first contract signed that requires the use of such development. Conversely, Alstom, in application of IFRS 15, considers that research and development costs which are neither project specific nor directly chargeable to the customer are not considered as costs to fulfill a contract but recorded in P&L as incurred since capitalization criteria are not met. This accounting difference has an impact on the profit and loss (revenue and margin recognition).
- Hedge accounting relationships:** On the application of hedge accounting, Bombardier Transportation applies cash flow hedge accounting whereas Alstom presents its hedge accounting relationships on commercial contracts as fair value hedges. However, the two methods do not result in a different net impact on profit or loss but only deviate in their presentation in the statement of financial position.

Tax impact

The tax related adjustment in the line “Income Tax Charge” represents the tax effect of the adjustments using a 27% tax rate corresponding to Alstom’s 31 March 2021 effective tax rate.

➤ Statutory auditors' report on the Pro Forma Financial Information for the year ended 31 March 2021

This is a free translation into English of the auditors' report issued in the French language and is provided solely for the convenience of English speaking readers.

This report should be read in conjunction with, and is construed in accordance with, French law and professional standards applicable in France.

To the Président-Directeur Général,

In our capacity as statutory auditors of your company and in accordance with Regulation (EU) n°2017/1129 supplemented by the Commission Delegated Regulation (EU) n°2019/980, we hereby report to you on the pro forma financial information of Alstom SA (the "Company") for the year ended 31 March 2021 set out in the chapter 3 of the 2020/21 universal registration document (document d'enregistrement universel) (the "Pro Forma Financial Information").

The Pro Forma Financial Information has been prepared for the sole purpose of illustrating the impact that the acquisition of Bombardier Transportation might have had on the consolidated income statement of the Company for the 12-month period ended 31 March 2021 had it taken place with effect from 1 April 2020. By its very nature, this information is based on a hypothetical situation and does not represent the financial position or performance that would have been reported, had the operation or event taken place at an earlier date than the actual or contemplated date.

It is your responsibility to prepare the Pro Forma Financial Information in accordance with the provisions of Regulation (EU) n°2017/1129 and ESMA's recommendations on Pro Forma Financial Information.

It is our responsibility to express a conclusion, based on our work, in accordance with Annex 20, section 3 of Commission Delegated Regulation (EU) n°2019/980, as to the proper compilation of the Pro Forma Financial Information on the basis stated.

We performed those procedures that we deemed necessary according to the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagement. These procedures, which did not include an audit or a review of the financial information used as a basis to prepare the Pro Forma Financial Information, mainly consisted in ensuring that the information used to prepare the Pro Forma Financial Information was consistent with the underlying financial information, as described in the notes to the Pro Forma Financial Information, reviewing the evidence supporting the pro forma adjustments and conducting interviews with the management of the Company to obtain the information and explanations that we deemed necessary.

In our opinion:

- a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- b) that basis is consistent with the accounting policies of the Company.

This report has been issued solely for the purposes of:

- the filing of the 2020/21 universal registration document with the French financial markets authority (Autorité des marchés financiers or "AMF"),
- and, if applicable, the admission to trading on a regulated market, and/or a public offer, of securities of the Company in France and in other EU member states in which the prospectus approved by the AMF is notified;

and cannot be used for any other purpose.

Neuilly-sur-Seine and Paris-La Défense, on 6 July 2021

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit

Édouard Demarcq

Édouard Cartier

MAZARS

Jean-Luc Barlet

STATUTORY FINANCIAL STATEMENTS

as at 31 March 2021

➤ Income Statement

<i>(in € million)</i>	Note	Year ended	
		31 March 2021	31 March 2020
Trademark fees and other operating income		159	62
Administrative costs and other operating expenses		(125)	(40)
Depreciation and amortisation expense or income		-	-
Operating income	4	34	21
Financial income		204	2,010
Interest income		1	-
Interest expenses		(3)	(29)
Depreciation and amortisation expense or income		-	-
Bonds issuance costs and premiums recognised as income or expense		(17)	(1)
Change differences		-	-
Financial income	5	184	1,980
Current income		218	2,001
Non recurring result	6	-	-
Income tax credit	7	4	18
NET PROFIT		222	2,019

➤ Balance Sheet

Assets

<i>(in € million)</i>	Note	At 31 March 2021	At 31 March 2020
FIXED ASSETS			
Intangible assets		-	-
Investments	8	9,216	9,216
Advances to subsidiary	8	1,701	843
Total fixed assets		10,917	10,060
CURRENT ASSETS			
Receivables	9	5,387	55
Cash		-	-
Deferred charges	10	24	6
Total current assets		5,411	61
TOTAL ASSETS		16,329	10,121

Liabilities

<i>(in € million)</i>	Note	At 31 March 2021	At 31 March 2020
SHAREHOLDERS' EQUITY			
Share capital		2,598	1,582
Additional paid-in capital		5,028	979
Legal reserve		262	210
Restricted reserve		10	17
General reserve		6,252	4,232
Net profit		222	2,019
Total shareholders' equity	11	14,373	9,039
PROVISIONS FOR RISKS AND CHARGES	12	-	-
LIABILITIES			
Bonds	14, 16	1,451	701
Other borrowings	14, 16	250	76
Borrowings from subsidiary	15, 16	-	-
Trade payables	15, 16	112	140
Other tax and social security payables	15, 16	14	14
Other payables	15, 16	129	151
Deferred income		1	0
Total liabilities		1,956	1,082
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		16,329	10,121

➤ Notes to the statutory financial statements

DETAILED SUMMARY OF THE NOTES TO THE STATUTORY FINANCIAL STATEMENTS

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NOTE 1. BASIS OF PREPARATION OF THE STATUTORY FINANCIAL STATEMENTS

The statutory financial statements for the year ended 31 March 2021 are established in compliance with the legal and regulatory rules applicable in France according to the regulation 2014-03 of "l'Autorité des normes comptables" of 5 June 2014 as well as subsequent comments and recommendations of "l'Autorité des normes comptables".

These accounts have been prepared using the same accounting policies and measurement methods as at 31 March 2020.

The accounting conventions were applied with truthfulness in line with the principle of prudence, according to the following basic assumptions:

- going concern basis;
- consistency in accounting policies from one financial year to the next;
- independence of financial years.

These accounts are also in accordance with general guidelines for establishing and presenting annual financial statements.

NOTE 2. DESCRIPTION OF ACCOUNTING POLICIES

2.1. Investments

Investments are recorded at acquisition cost, excluding transaction costs.

Investments are measured based on a multi-criteria approach:

- investments are generally measured at their value in use, defined as the enterprise value net of the indebtedness. The enterprise value is the sum of the discounted free cash flows and of the discounted terminal residual value, and represents the ability of the assets to generate profits and cash flows;
- when values in relation with arm's length transactions or any other fair market values exist, these values can also be taken into account in the year-end valuation of the investments.

When this value is less than acquisition cost, a provision for impairment is recorded to cover the difference.

Any impairment is recognized in the following order:

- goodwill;
- investments in subsidiaries and associates;
- advances to subsidiaries;
- risks on subsidiaries.

2.2. Advances and borrowings with subsidiaries and current accounts of Alstom Group companies

Assets and liabilities related to Alstom Group companies are shown in the Balance Sheet at their nominal value.

Whenever necessary and based on the available information at the closing date, provisions for bad debts are recorded in case of uncertainty about their recovery.

2.3. Share capital

A share capital increase is recorded at the nominal share price. If the issue price is higher than the nominal value, this difference is recorded as a paid-in capital.

Transaction costs on capital increase are offset against paid-in capital. If total transaction costs exceed the paid-in capital, the excess is recorded as intangible assets and amortised over a period of five years.

2.4. Provisions for risks and charges

Provisions for litigations and disputes

The Company identifies and analyses on a regular basis current litigations in which it is engaged. When provisions are deemed necessary, they are measured on the basis of its best estimate of the expenditure required to settle the obligation at the balance-sheet date. These estimates take into account information available and different possible outcomes.

Due to changes in facts and circumstances, costs finally incurred may differ from those estimates.

2.5. Financial debt

Financial debt (bonds) is recorded at nominal value in the liabilities. Transaction costs and bonds premium are recorded as deferred charges or deferred income and amortised over the duration of the borrowings.

2.6. Tax group

The Company is the parent company of a French tax group including Alstom Holdings and several French subsidiaries of Alstom Holdings.

Each company, member of the tax group, determines its income tax charge on the basis of its own pre-tax income for the year, as if it was not included in a tax group. The Company recognises a gain or a loss equal to the difference between the current income tax based on the Group pre-tax income and the sum of tax charges recognised by the entities members of the tax group.

When a subsidiary member of the tax group exits from the said tax group, it is not compensated for the loss of its tax credits, tax losses carried forward and/or long term losses derived during the period of time it belonged to the tax group and which are unused at the exit date.

NOTE 3. SIGNIFICANT EVENTS

3.1. Acquisition Bombardier Transportation

On 1 December 2020, Alstom and Bombardier announced that all necessary regulatory approvals required to complete the sale of Bombardier Transportation to Alstom had been received.

On 29 January 2021, Alstom announced the completion of the acquisition of Bombardier Transportation. Leveraging on its clear Alstom in Motion strategy and its strong operational fundamentals and financial trajectory, Alstom, integrating Bombardier Transportation, will strengthen its leadership in the growing sustainable mobility market by reaching a critical size in all geographies and integrating further solutions and assets to better serve its customers worldwide. The enlarged Group has a combined proforma revenue of around €14.0 billion and €74.5 billion combined backlog. It employs 71,700 people worldwide in 70 countries, has unparalleled R&D capabilities and a complete portfolio of products and solutions.

Price and financing

The reference price was established at €5.5 billion, at the bottom of the range of €5.5 billion to €5.9 billion communicated on 16 September 2020. The proceeds for the acquisition were established at €4.4 billion, which include the impact of the minimum cash adjustment mechanism based on a negative net cash position of Bombardier Transportation as of 31 December 2020 and other further contractual adjustments for an amount of €1.1 billion.

Alstom also proceeded, on 29 January 2021, to the reimbursement of the €0.75 billion Equity injections performed by CDPQ (Caisse de Dépôt et Placement du Québec) and Bombardier Inc. between February 2020 and January 2021.

The financing structure of the purchase price was as follows:

As determined in the Sale and Purchase Agreement (SPA), a significant part of the purchase price, for a global amount of €3.1 billion, was paid in Equity through reserved share capital increases by way of set-off subscribed by:

- CDPQ's affiliate, CDP Investissements Inc., with two capital increases, one of €1.9 billion with 47,469,213 new ordinary shares issued and one of €0.7 billion with 17,210,934 new ordinary shares issued;
- Bombardier UK for an amount of €500 million with 11,504,149 new ordinary shares issued.

The remaining part of the purchase price for an amount of €2.0 billion was paid in cash. It was financed thanks to the rights issue for an amount of around €2 billion completed on 7 December 2020 with 68,078,055 new ordinary shares issued.

The contractual purchase price was calculated in euros. A portion of it was paid to Bombardier UK in US dollars at an agreed exchange rate EUR/USD of *circa* 1/1.17, this payment in US dollars having been hedged by Alstom.

The Bombardier Transportation shares acquired by Alstom Holdings were therefore mainly financed by the capital increases of Alstom SA described above.

A delegation of payment of €3.1 billion was put in place between Alstom Holdings and Alstom SA and a current account advance of €2 billion was also granted to Alstom Holdings.

3.2. Covid-19 pandemic

The Alstom Group does business in numerous countries that have significantly been affected by the Covid-19 pandemic. As a result, the Group's operations have been impacted by lockdowns and the disturbance resulting from government measures to address the Covid-19 pandemic. Such measures affected our supply chain and overall production chains, impacting the timing of several projects. The Sanitary Crisis also impacted tendering momentum in the first quarters of 2020, with a shift in commercial activity.

In this context, after implementing the necessary health and safety measures to protect all of its employees and stakeholders, the Group made every effort to ensure the agile and responsible execution of its activities in each of the countries where it operates by swiftly adapting to changes linked to the public health crisis situation and complying with local government decisions. Our business activities showed good resilience, and, in the second semester, to the exception of a moderate impact on the service activity, operations were running at a pace in line with the pre-existing Covid-19 crisis conditions. Commercial performance was also very positive in the last quarter of the financial year, pointing to solid market momentum.

While the first initiative was to ensure the health and safety of its employees to ensure continuity of project execution, the Group implemented a company-wide cost saving program to significantly reduce costs. Alstom adapted the ways of working of its employees and limited non-essential travels and events. The Group also promoted salary moderation and kept a tight control over additional recruitments. The Company has re-assessed investment priorities to rationalise cash spend while ensuring that R&D investments remained at the level that was deemed required to deliver on the Alstom in Motion strategy roadmap. In the context of the Covid-19 crisis, and in a spirit of responsibility towards all its stakeholders, the Board of Directors, in its meeting of 11 May 2020, decided as an exceptional measure not to propose a dividend distribution at the next Shareholders' Meeting on 8 July 2020.

Moreover, as part of the impairment tests performed on financial assets at the closing of March 2021, certain assumptions were revised to take into account the possible impacts of Covid-19.

3.3. Shareholdership and stock market index

The Steering Committee of the Euronext Indices has decided to include Alstom in the list of the 40 stocks making up the French CAC 40 index. This inclusion is effective since 21 September 2020.

CDPQ is now the main shareholder with 17.48% of Alstom's share capital. Bouygues holds now 3.12% of the capital of the Group with successful placements in November 2020 and March 2021.

3.4. Post-closing events

The Company subscribed to 215,019,923 new shares with a par value of €23.70 of Alstom Holdings on the occasion of a capital increase decided by the Extraordinary General Meeting of 9 April 2021. The subscription price of the 215,019,923 new shares, amounting to €5,095,972,175.10, is paid up by offsetting against certain, liquid and due claims held against Alstom Holdings.

NOTE 4. OPERATING INCOME

The operating income of €159 million is made up, on the one hand, of Trademark fees invoiced to the Group's subsidiaries for the use of the name ALSTOM for €51 million and, on the other hand, of the re-invoicing to its subsidiary Alstom Holdings of costs relating to the acquisition of Bombardier Transportation, for an amount of €107 million.

Administrative costs and other operating expenses include management fees invoiced by Alstom Transport, external operating expenses, the cost already incurred by the Company in relation with the Bombardier Transportation acquisition, the compensation paid to the Chairman and Chief Executive Officer (€3,107,899 paid for the financial year ended 31 March 2021) and Directors' fees due for the fiscal year (€884,752 for the same financial year ended).

NOTE 5. FINANCIAL INCOME

<i>(in € million)</i>	Year ended at 31 March 2021	Year ended at 31 March 2020
Financial income	204	2,010
Net interest income on advances made to Alstom Holdings	1	-
Interest expenses on bonds	(3)	(29)
Interest expenses on borrowings	-	-
Provision	-	-
Bonds issuance costs and premiums recognised as income or expense	(17)	(1)
Change differences	-	-
TOTAL	184	1,980

The net financial income amounts to €184 million and is mainly made up of the following:

- dividends paid by Alstom Holdings to the Company during financial year ended 31 March 2021 for an amount of €200 million;
- amortization of issue costs and premiums on bonds for €(17) million.

NOTE 6. NON-RECURRING RESULT

None.

NOTE 7. INCOME TAX

The €4 million Income tax credit is mainly linked to the tax grouping.

In the absence of tax grouping, no income tax charge would have been recorded at 31 March 2021, the Company being loss-making taxwise.

The deferred tax position of the Company at 31 March 2021, amounting to €1,567 million, is mainly composed of tax losses carried forward.

NOTE 8. FINANCIAL ASSETS

8.1. Investments

<i>(in € million)</i>	At 31 March 2020	Provision	Release	At 31 March 2021
Investments				
• Alstom Holdings	9,216	-	-	9,216
• Impairment	-	-	-	-
TOTAL	9,216	-	-	9,216

Alstom Holdings is the Company's sole subsidiary and owns all operating entities of the Alstom Group.

8.2. Advances

<i>(in € million)</i>	At 31 March 2020	Variation	At 31 March 2021
Advances to Alstom Holdings			
• Gross value	843	857	1,700
• Accrued interests	-	1	1
TOTAL	843	858	1,701

Advances to Alstom Holdings can be cancelled by anticipation, which ensures their liquidity. The change is mainly due to the €750 million bond issued on 11 January 2021.

NOTE 9. RECEIVABLES

Current receivables can be broken down as follows:

<i>(in € million)</i>	At 31 March 2021				At 31 March 2020	
	Total	Within one year	One to five years	Out of which related parties	Total	Out of which related parties
Current account with Alstom Holdings	5,229	5,229	-	5,229	-	-
Trade receivables	134	134	-	134	10	10
“Research tax credit and others” receivables from the French tax administration	24	24	-	-	44	-
Receivables on Group companies included in the tax group	-	-	-	-	1	1
Other receivables	1	1	-	-	-	-
TOTAL	5,387	5,387	-	5,363	55	11

The Company’s current account position with Alstom Holdings is explained by the funds received from the capital increase (Right issue) carried out by the Company on 7 December 2020, followed by two reserved capital increases on 29 January 2021 to CDP Investments Inc and Bombardier UK Holding Limited.

Trade receivables are mainly explained by the Company’s receivable from Alstom Holdings generated by the re-invoicing of Bombardier Transportation acquisition costs.

NOTE 10. DEFERRED CHARGES

<i>(in € million)</i>	At 31 March 2020	Amount capitalised during the period	Amortisation expense of the period	At 31 March 2021
Bonds issuance costs and premiums	6	35	(17)	24

NOTE 11. SHAREHOLDERS' EQUITY

11.1. Share capital

As of 31 March 2021, Alstom's share capital amounts to €2,598,412,551 consisting of 371,201,793 ordinary shares with a par value of €7 each and fully paid.

The variations of share capital during the period are the following:

	Number of shares
Existing shares at beginning of year	225,973,782
Capital increase	144,262,351
Reimbursement of bonds	4,466
Exercise of options	98,896
Subscription of shares under employee sharing program	862,298
Shares buy back	-
EXISTING SHARES AT YEAR END	371,201,793

11.2. Changes in shareholders' equity

<i>(in € million)</i>	At 31 March 2020	Shareholders' Meeting held 8 July 2020	Other movements	At 31 March 2021
Capital	1,581		1,017	2,598
Additional paid-in capital	980		4,049	5,028
Legal reserve	210		52	262
Restricted reserve	17		(7)	10
General reserve	4,232	2,019	1	6,252
Net profit	2,019	(2,019)	222	222
SHAREHOLDERS' EQUITY	9,039	-	5,334	14,373

Alstom's Ordinary Shareholders' Meeting of 8 July 2020 decided not to pay a dividend for the fiscal year ending 31 March 2020.

Other variations over the period arise from:

- 7 December 2020 capital increase in cash by issuing new shares with preferential subscription rights for a nominal value of €477 million and an issue premium net of expenses of €1,504 million;
- 29 January 2021 reserved capital increases to CDP Investments Inc. and Bombardier UK Holding Limited for a nominal value of €533 million, and an issue premium net of expenses of €2,596 million, capital increases carried out in cash through the issuance of new shares with cancellation of shareholders preferential subscription rights;
- €6 million cash contribution, resulting from the exercise of options;
- subscriptions of shares under employee sharing programme;
- €222 million net profit of the period.

NOTE 12. PROVISIONS FOR RISKS AND CHARGES

None.

NOTE 13. BONDS REIMBURSABLE WITH SHARES

In December 2003, the Company has issued bonds reimbursable with shares ORA maturing in December 2008.

On 8 October 2020 the Company redeemed all outstanding ORA, i.e. 71,530 bonds for an amount of €0.1 million.

As of 31 March 2021 the balance of outstanding ORA is 0.

NOTE 14. BONDS AND OTHER BORROWINGS

The movements in nominal amount of bonds over the past two years are as follows:

(Nominal value in € million)	Total	Maturity date						
		01/02/2017	11/10/2017	05/10/2018	08/07/2019	18/03/2020	14/10/2026	11/01/2029
Annual nominal interest rate		4.13%	2.25%	3.63%	3.00%	4.50%	0.25%	0.00%
Outstanding amount at 31 March 2019	879				283	596		
Bonds issued	700						700	
Currency adjustments	-							
Repurchase	-							
Bonds reimbursed at maturity date	(879)				(283)	(596)		
Outstanding amount at 31 March 2020	700						700	
Bonds issued	750							750
Currency adjustments	-							
Repurchase	-							
Bonds reimbursed at maturity date	-							
OUTSTANDING AMOUNT AT 31 MARCH 2021	1,450						700	750

The financial debt's variation over the period is mainly due to:

- the issuance of the 0% senior bonds maturing in January 2029 for a total amount of €750 million;
- in the context of Covid-19, in order to optimize its liquidity, the Group also issued commercial papers under its Negotiable European Commercial Paper program for an amount of €250 million with maturities in 2021.

Accrued interests at 31 March 2021 amounting to €1 million are added to the outstanding principal amount in the balance-sheet.

Liquidity risk management

In the context of Bombardier Acquisition as well as Covid-19, Alstom has taken additional measures to bolster its liquidity.

The Group has secured a €1.5 billion Revolving Credit Facility replacing Alstom's and Bombardier Transportation's existing revolving credit facilities. The new facility will have a five-year tenor with two one-year extension options.

In addition, Alstom secured early February a €1,750 billion short term Revolving Credit Facility with an 18 months maturity, and two six-month extension options at the borrower's discretion.

This additional €1,750 billion RCF aims at stepping in for Alstom's €1.5 billion Negotiable European Commercial Paper program, should the Commercial Paper market no longer be accessible, in addition to providing an extra liquidity buffer.

With these decisions, the new Group has significant liquidity available.

NOTE 15. PAYABLES AND RELATED PARTIES

(in € million)	At 31 March 2021		At 31 March 2020	
	Total	Out of which related parties	Total	Out of which related parties
Borrowings from subsidiary	-	-	-	-
Trade payables	112	16	140	119
Payables to members of the tax group	121	121	144	144
Payables to members of the VAT group	-	-	3	3
Other tax and social security payables	14	-	14	-
Other liabilities	7	7	5	4
TOTAL	255	144	305	269

It is reminded that following his resignation from his working contract with Alstom Executive Management SAS, the Chairman and Chief Executive Officer lost any entitlements with regards to the defined benefit pension plan (so called "Article 39"), this plan having been closed in 2019. The accrued rights of a total gross amount of €3.375.000 (acquired over the period from 1 January 2004 to 31 December 2016) will be paid onto the defined contribution plan "Article 82", in three yearly instalments following the Chairman and Chief Executive Officer's resignation from his working contract and subject to a condition of presence at the time of each payment. The first payment of €1,125,000 was made in July 2020. The balance of this debt is included in the other tax and social security payables.

The Chairman and Chief Executive Officer benefits from an additional pension plan based on two distinct elements that have not been modified during the fiscal year 2020/21:

- A defined contribution pension plan (so-called "Article 83").
 - The contributions of the "Article 83"-type plan are paid annually and correspond to:
 - 1% of the annual compensation as high as four Annual Social Security Ceilings;
 - 4% of the annual compensation between four and eight Annual Social Security Ceilings; and
 - 11% of the annual compensation between eight and twelve Annual Social Security Ceilings.
 - Since 1 July 2014, 95% of the contributions are paid by the Company.
 - The contributions paid as part of the defined contributions plan for the fiscal year 2019/20 are equal to €26,327, of which €25,011 are paid by the Company.
- A defined contribution pension plan (so-called "Article 82").
 - The "Article 82" defined contribution plan was set up in 2016 by the Board of Directors, upon the Nominations and Remuneration Committee's recommendation, in order to replace the "Article 39" defined benefits pension plan, closed in 31 December 2016.
 - As part of this plan, the annual contributions are paid to a third-party entity in charge of the supplemental pension plan. The computation of this contribution is based upon the annual total compensation (annual fixed and variable compensation owed in cash) of the Chairman and Chief Executive Officer as follows:
 - 10% of the fraction of the gross fixed compensation comprised between eight and twelve Annual Social Security Ceilings and 20% of the fraction of the fixed compensation in excess of twelve Annual Social Security Ceilings; and
 - 20% of his annual variable compensation as defined by the Board of Directors.
 - The baseline compensation (annual fixed and variable owed in cash) for the contribution computation cannot, for any reason, exceed €2,000,000.
 - No contribution is to be paid if the variable compensation is equal to zero. The contributions are paid once a year, after the General Shareholders' Meeting approval of the annual variable compensation's payment of the prior fiscal year.
 - The Chairman and Chief Executive Officer committed, once the fiscal and social obligations linked to these contributions are fulfilled, to keep the paid amount on the dedicated retirement-capital vehicle, at least for the duration of his mandate.
 - The amounts paid in November 2020 under this defined contribution pension plan for the fiscal year 2020/21 is equal to €264,850 and corresponds to the acquisition period from 1 April 2019 to 31 March 2020. The matching accruals accounted for fiscal year 2019/20, amounting to €339,992, have been cancelled.
 - For fiscal year 2020/21 (acquisition period), a provision for expenses was made for a gross amount of €287,614 but no payment was made before the approval by the General Meeting of Shareholders of the variable remuneration of the Chairman and Chief Executive Officer for the same financial year.
 - The amounts paid in July 2020 under this defined contribution pension plan for the fiscal year 2020/21 is equal to €1,125,000 and corresponds to the third of the total compensation set following the loss of rights in respect of the defined benefit plan "Article 39" which was closed.

The above-mentioned two plans (so-called "Article 82" and "Article 83") are collective plans and can apply to other company executives.

NOTE 16. MATURITY OF LIABILITIES

<i>(in € million)</i>	As at 31 March 2021	Within one year	One to five years	More than five years	Out of which related parties
Bonds	1,451	-	-	1,451	-
Other borrowings	250	250	-	-	-
Borrowings from subsidiary	-	-	-	-	-
Trade payables	112	112	-	-	16
Other tax and social security payables	14	14	-	-	-
Other payables	129	60	69	-	129
TOTAL	1,956	436	69	1,451	144

NOTE 17. OTHER INFORMATION

17.1. Off balance-sheet commitments

Total outstanding guarantees given by the Company amount to €512 million at 31 March 2021, of which:

- €497 million guarantees of commercial obligations contracted by the subsidiaries;
- €15 million in respect of financial commitments given on behalf of subsidiaries.

17.2. Stock-options and performance shares

Key characteristics

	Plans issued by Shareholders Meeting on 22 June 2010				Plans issued by Shareholders Meeting on 18 December 2015		Plan issued by Shareholders Meeting on 17 July 2018	Plan issued by Shareholders Meeting on 10 July 2019
	Plan No. 15	Plan No. 15	Plan No. 16	Plan No. 16	PSP 2017	PSP 2018	PSP 2019	PSP 2020
	Stock options	Performance shares	Stock options	Performance shares	Performance shares	Performance shares	Performance shares	Performance shares
Grant date	10/12/2012	10/12/2012	01/10/2013	01/10/2013	17/03/2017	13/03/2018	12/03/2019	10/03/2020
Exercise period	10/12/2015 09/12/2020	n/a	03/10/2016 30/09/2021	n/a	n/a	n/a	n/a	n/a
Number of beneficiaries	538	1,763	292	1,814	755	732	820	878
Adjusted number granted ⁽¹⁾	1,512,000	883,140	784,294	1,130,791	1,022,400	1,102,789	1,176,801	1,252,619
Adjusted number exercised since the origin	674,667	391,458	590,201	1,022,311	862,803	-	525	-
Adjusted number cancelled since the origin	837,333	491,682	72,625	108,480	159,597	98,424	58,526	22,500
Adjusted number outstanding at 31 March 2021	-	-	121,468	-	-	1,004,365	1,117,750	1,230,119
inc. to the present members of the Leadership team		-	39,068	-	-	218,885	282,218	311,754
Adjusted exercise price ⁽²⁾ (in €)	21.83	n/a	21.24	n/a	n/a	n/a	n/a	n/a
Fair value at grant date (in €)	5.80	26.70	3.84	22.62	21.74	25.59	28.92	36.58

(1) The number of options and performance shares and the exercise price of options have been adjusted as a result of transactions that have impacted the number of capital shares after grant dates.

(2) The exercise price corresponds to the average opening price of the shares during the 20 trading days preceding the day on which the options were granted by the Board (neither discount nor surcharge) and adjusted where necessary due to the capital increase with Preferential Subscription Rights in December 2020.

At 31 March 2021, stock options granted by plans 15 and 16 are fully vested. For plans 15 and 16, options expire five years after the end of the vesting period. The plan 15 expired in December 2020.

The long-term incentive plans set up since 2007 combine the allocation of stock options with the allocation of performance shares, except the latter since 2016 that allocate only performance shares.

The grant of these instruments is conditioned by the satisfaction of performance indicators.

LTI plan 16 granted on 1 October 2013

In the context of Energy transaction, the Board of Directors has considered that the performance conditions set for fiscal years ended 31 March 2015 and 31 March 2016 were deemed fully satisfied subject to and upon the completion of the transaction.

As a consequence, all options will be exercisable under this plan and all performance shares have been delivered on 2 October 2017.

In addition, the presence condition has been waived for the beneficiaries having left the Group as part of the Energy transaction on the condition they are employees of Alstom Group as at the date of the closing of the transaction. This triggered the stock option and performance plans expense acceleration recorded in Income statement of discontinued operations.

PSP 2017 granted on 17 March 2017

This plan has been agreed by the Board of Directors of 17 March 2017. It allocates 1,022,400 performance shares to 755 beneficiaries.

The final allocation depends on two internal performance conditions based on Group adjusted EBIT margin (excluding the share of net income of CASCO) and Free Cash Flow for fiscal years ended 31 March 2018, 31 March 2019, and 31 March 2020, and one external condition linked to the performance of the Company's share. Based on the performance conditions of the year ended 31 March 2018 and 31 March 2019 and March 2020, 96.33% of the initial grant has been achieved and 3.67% of the performance shares have been cancelled. On 19 May 2020, 862,298 performance shares have been delivered.

PSP 2018 granted on 13 March 2018

This plan has been agreed by the Board of Directors of 13 March 2018. 1,016,025 performance shares have been initially granted to 732 beneficiaries.

The final allocation depends on one internal performance condition based on Group adjusted EBIT margin (excluding the share of net income of CASCO) for fiscal years ended 31 March 2021, and one external condition linked to the performance of the Company's share. The final delivery will take place five business days after the publication of the 31 March 2021 results.

Movements

	Number of options	Weighted average exercise price per share (in €)	Number of performance shares
Outstanding at 31 March 2019	504,201	23.52	3,732,688
Granted ^(*)	-	0.00	1,145,625
Exercised	(219,615)	23.40	(733,103)
Cancelled	(49,039)	22.96	(140,147)
Outstanding at 31 March 2020	235,547	23.75	4,005,063
Granted ^(*)	15,520	21.36	290,409
Exercised	(98,896)	21.74	(862,298)
Cancelled	(30,703)	21.83	(80,940)
OUTSTANDING AT 31 MARCH 2021	121,468	21.24	3,352,234
<i>of which exercisable</i>	<i>121,468</i>		<i>n/a</i>

(*) Includes 1,415,625 free shares granted through PSP 2020.

17.3. Severance payment and other benefits arising upon the termination of the mandate

The Chairman and Chief Executive Officer will not be able to keep the non-fully vested rights to stock options or performance shares awarded under his mandate, except in the event of a forced departure and subject to the decision of the Board of Directors.

PSP 2019 granted on 12 March 2019

This plan has been agreed by the Board of Directors of 12 March 2019. 1,080,150 performance shares have been initially granted to 820 beneficiaries.

The final allocation depends on two internal performance condition based on Group adjusted EBIT margin (excluding the share of net income of CASCO) and cash conversion rate for fiscal years ended 31 March 2022, and one relative condition linked to the performance of the Company's share. The final delivery will take place at the latest 20 days after the publication of the 31 March 2022 results.

PSP 2020 granted on 10 March 2020

This plan has been agreed by the Board of Directors of 10 March 2020. 1,145,625 performance shares have been initially granted to 878 beneficiaries.

The final allocation depends on three internal performance conditions based on Group adjusted EBIT margin, cash conversion rate for fiscal years ended 31 March 2023 and an objective of reduction in the energy consumption of the solutions offered to clients, as well as one relative condition linked to the performance of the Company's share. The final delivery will take place at the latest 20 days after the publication of the 31 March 2023 results.

No performance shares plan has been granted during fiscal year 2020/21.

The Chairman and Chief Executive Officer having resigned from his working contract will not benefit of any severance payment in the event of departure, should this departure be linked to that contract or his current mandate.

17.4. Transactions with related parties

The decree No. 2009-267 dated 9 March 2009 requires to give information about transactions with related parties contracted at conditions other than normal market conditions.

The Company has not identified any transaction coming into the scope of this requirement.

17.5. List of subsidiaries

Alstom Holdings is Alstom's sole subsidiary and is 100% owned.

Information on Alstom Holdings

Gross value of investment held by the Company	€9.2 billion
Net value of investment held by the Company	€9.2 billion
Gross value of loans and advances granted by the Company	€1.7 billion
Net value of loans and advances granted by the Company	€1.7 billion
Bonds and guarantees granted by the Company outstanding at 31 March 2021	-
Dividends paid by Alstom Holdings to the Company during financial year ended at 31 March 2021	€0.2 billion
Alstom Holdings shareholders' equity at 31 March 2020	€6.0 billion
Alstom Holdings shareholders' equity at 31 March 2021	€6.0 billion
Sales	€40 million
Net profit	€(117) million

➤ Statutory auditors' report on the financial statements

(For the year ended 31 March 2021)

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the annual general meeting of shareholders of Alstom SA

OPINION

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of Alstom SA for the year ended 31 March 2021.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 March 2021 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*code de commerce*) and the French Code of Ethics (*code de déontologie*) for statutory auditors, for the period from 1 April 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of the investment in Alstom Holdings

(*Note 2.1 Investments and Note 8 Financial assets*)

Identified risks

As of 31 March 2021, the net value of the investment in Alstom Holdings amounts to 9 216 m€. Alstom Holdings owns directly or indirectly all the entities of the Alstom group.

As described in Note 2.1 to the financial statements, investments are recorded at their acquisition cost. The recoverable value of the investments is assessed based on a multi-criteria approach. Alstom records an impairment if the recoverable value of the investments is lower than their carrying value.

Determining the recoverable value is based on (i) Discounted Cash Flows, and (ii) values in relation with current or contemplated transactions or any other fair market values, if available. This impairment test relies on significant management estimates, such as the group's business plans and long-term growth rate.

Accordingly, we consider the measurement of the recoverable value of the investment in Alstom Holdings to be a key audit matter, due to the amount of the investment recorded in the balance-sheet and the inherent uncertainty of certain inputs, in particular the likelihood of achieving forecast results included in such measurement.

Our response

We performed a critical review of the methodology applied by management to perform the impairment test by:

- Understanding process and controls implemented by Alstom SA;
- Assessing the consistency of the assumptions used for the impairment test (projected future cash flows, growth rates, discount rates) with the historical performance, the existing backlog of contracts and the economic environment in which Alstom SA operates;
- Assessing the reasonableness of the assumptions used to determine values in relation with current or considered transactions or any other fair market values, if any;
- Reviewing sensitivity analyses to key assumptions.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to the Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to the payment deadlines mentioned in Article D.441-6 of the French Commercial Code (*code de commerce*).

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code (*code de commerce*).

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code (*code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L.22-10-11 of the French Commercial Code (*code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Format of the presentation of the financial statements intended to be included in the annual financial report

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No 2019/815 of 17 December 2018 to years beginning on or after January 1st, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*code monétaire et financier*).

Appointment of the Statutory Auditors

We, PricewaterhouseCoopers Audit and Mazars, were appointed as statutory auditors of Alstom SA by the annual general meeting held on 23 June 2009. As at 31 March 2021, PricewaterhouseCoopers Audit and Mazars were in the 12th year of total uninterrupted engagement.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee, which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*code de commerce*) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La-Défense, 21 May 2021

The statutory auditors

PricewaterhouseCoopers Audit

Édouard Demarcq

Édouard Cartier

MAZARS

Jean-Luc Barlet

OTHER FINANCIAL INFORMATION RELATING TO ALSTOM SA

as at 31 March 2021

Five-year summary

INFORMATION AS PER ARTICLE L.232-1 OF THE FRENCH COMMERCIAL CODE

	Year ended				
	31 March 2017	31 March 2018	31 March 2019	31 March 2020	31 March 2021
1. SHARE CAPITAL AT YEAR END					
a) Share capital (<i>in € thousand</i>)	1,537,983	1,555,473	1,565,006	1,581,816	2,598,413
b) Number of outstanding issued shares	219,711,830	222,210,471	223,572,313	225,973,782	371,201,793
c) Par value of shares (<i>in €</i>)	7	7	7	7	7
2. OPERATIONS AND INCOME FOR THE YEAR (<i>in € million</i>)					
a) Dividends received	-	-	-	-	-
b) Income before tax, depreciation, impairment and provisions	(45)	262	311	1,994	235
c) Income tax credit	21	22	18	18	4
d) Net income after tax, depreciation, impairment and provisions	(23)	282	1,529	2,019	222
e) Dividends ⁽¹⁾	55	78	1,229.6 ⁽¹⁾	-	-
3. EARNINGS PER SHARE (<i>in €</i>)					
a) Net earning after tax, but before depreciation, impairment and provisions	(0.11)	1.28	1.47	8.90	0.64
b) Net earning after tax, depreciation, impairment and provisions	(0.10)	1.27	6.84	8.93	0.60
c) Net dividend per share ⁽¹⁾	0.25	0.35	5.50	-	-
4. PERSONNEL					
a) Average headcount of the year	1	1	1	1	1
b) Amount of remuneration of the Chairman and Chief Executive Officer (<i>in € thousand</i>)	1,131	1,726	2,113	2,131	3,108
c) Amount of social charges and other welfare benefits for the year (<i>in € thousand</i>)	305	718	766	791	1,112

(1) For the last year-end, subject to the approval of the Général Shareholders meeting. Distributable amount mentioned above is based on the number of outstanding shares entitling the holders to a dividend at closing date. This number may change between April 1st and dividend payment's date, depending namely on treasury shares, performances shares and stocks options variations.

For the last 3 fiscal years the following dividends were paid:

- year ended 31 March 2018: €78 million;
- year ended 31 March 2019: €1,233 million;
- year ended 31 March 2020: €0.

➤ Comments on other financial information

INFORMATION REQUESTED BY THE ARTICLE L.225-100 OF THE FRENCH COMMERCIAL CODE

The company is the holding company of the Alstom Group. ALSTOM Holdings is Alstom's sole subsidiary. The company centralises a large part of the external financing of the Group. Fees from its indirect subsidiaries for the use of ALSTOM name are the company's main source of revenue.

Income statement

The company net profit amounted to €222 million and mainly comprised:

- €34 million operating income stemming from the fees for the use of ALSTOM name and from the re-invoicing to its subsidiary ALSTOM Holdings of expenses related to the acquisition of Bombardier Transportation, minus administrative costs and other external costs;
- €184 million financial income mainly linked to the dividends received for an amount of €200 million;
- non-recurring income: none;
- €4 million net income tax credit mainly linked to the tax grouping.

Balance sheet

Total of balance sheet amounts to €16,329 million and is mainly made of:

- Assets:
 - ALSTOM Holdings investments totalling €9,216 million in net value,
 - Advances to ALSTOM Holdings amounting to €6,930 million;
- Shareholders' equity and liabilities:
 - Shareholders' equity amounts to €14,373 million and is made of:
 - share capital: €2,598 million,
 - paid-in capital: €5,028 million,
 - reserves: €6,524 million,
 - net profit of the period: €222 million,
 - Outstanding bonds amounting to €1,451 million,
 - Other borrowings: €250 million.

INFORMATION ON TRADE PAYABLES & TRADE RECEIVABLES

In accordance with the Article D.441-6 of the French Commercial Code, it is stated that trade payables and trade receivables recorded on the balance-sheet of the year ended 31 March 2021 are made up as follows:


	Trade payables						Trade receivables					
	Invoices received due for payment and remaining unpaid at the closing date						Invoices issued due for payment and remaining unpaid at the closing date					
(in million €)	0 day	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total 1 day or more	0 day	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total 1 day or more
(A) Ageing profile of payment arrears												
Number of invoices involved	30					124	-					32
Total amount of invoices involved (excl. VAT)	2.78	1.89	5.20	0.10	5.93	13.12	-	106.12	-	-	7.95	114.07
Percentage of total purchases for the fiscal year (excl. VAT)	2.37%	1.61%	4.44%	0.08%	5.06%	11.19%						
Percentage of sales for the fiscal year (excl. VAT)							-	66.93%	-	-	5.01%	71.94%
(B) Invoices excluded from (A) related to disputed or unrecorded payables and receivables												
Number of invoices excluded			28									
Total amount of invoices excluded (incl. VAT)			6.07									
Comments			Excluded invoices are related to unrecorded or disputed payables									
(C) Reference payment terms used (contractual or statutory – Article L.441-10 or Article L.441-11 of the French Commercial Code)												
Payment terms used to calculate arrears	Contractual payment terms		45 days following the end of the month				Contractual payment terms		30 days following the end of the month			
	Statutory payment terms						Statutory payment terms					



4

RISK FACTORS, INTERNAL CONTROL AND RISK MANAGEMENT

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 The Content of the Annual Financial Report is identified in the summary table with the help of this pictogram.

Due to its multiple facilities throughout the world, its diverse activities and product ranges, and its development, the Alstom Group is exposed to various categories of risk, the occurrence of which could have a material adverse effect on its activities, financial situation, results or prospects. This chapter presents the principal risks the Group considers it is exposed to as of the date of this Universal Registration Document.

Risk assessment and management are embedded in the Group's operational and strategic objectives. Alstom regularly reviews the risks it faces within the framework of risk management and controls as described below in the section of this chapter entitled "Risk control environment".

In the framework of the provisions of Article 16 of Regulation (EU) 2017/1129 of the European Parliament and of the Council, within each of the risk categories referred to below, the risk factors Alstom considers to be the most significant as of the date of this Universal Registration Document are presented (and identified by an asterisk), based on an assessment that takes the risks' impact level and probability of occurrence into account, as well as the actions and measures designed to manage and mitigate risks implemented by the Company.

It is possible that certain risks that have not been mentioned or identified as of the date hereof may potentially affect the Group's activities, results, objectives, image or share price. Alstom's assessment of the significance of these risks can change at any time, in particular should new internal or external facts or circumstances materialise.

➤ Risk factors

OPERATING AND STRATEGIC RISKS

Macro-economic environment (*)

Description of the risk factors and their impact

Trends in the markets in which Alstom conducts its business depend on a set of complex and interdependent factors that are outside of the Group's control, such as economic growth, political stability, and credit offer. The railway market is highly dependent upon public policy relating to the environment and transportation and on increasing urbanisation.

Alstom's business activities may be affected by problems impacting the global economy, including those induced by the Covid-19 pandemic.

Indeed, the results for fiscal year 2020/21 were affected by the pandemic, which led, particularly in the first quarter, to a decline in rail traffic, disruption of production and postponement of tenders. Although the Group's operations stabilized during the fiscal year and the health situation has improved in its main production and sales countries, the Group cannot rule out, particularly in the context of an unpredictable health situation due, *inter alia*, to potential additional "waves" of Covid-19 against which the measures taken so far by governments may prove insufficient or may be tightened:

- that Alstom's production sites, its suppliers' sites or its customers' sites may again be required to reduce or cease operations, thereby affecting the Group's production and thus the execution and delivery of projects;
- a significant reduction in the maintenance business due to a very significant reduction in rail traffic;
- a delay in the awarding of contracts due to the postponement or cancellation of tender offers or indeed contracts due to the deteriorated financial situation of customers, which would have an impact on the Group's order intake.

The bulk of the Group's business is concentrated in the railway market and conducted with public sector actors, in particular governmental actors, which represented nearly 90% of its backlog at 31 March 2021. The spending and investment capacity of these actors depend upon political and economic factors that can vary from one fiscal year to another. Economic slowdowns and restrictions on budgets for public projects cause a decrease in infrastructure investments, delays in orders, contract execution or payments, and a decrease in measures encouraging research and development. In periods of heavy indebtedness, or even during sovereign debt crises, including as a result of economic support measures taken in response to the Covid-19 pandemic, the implementation of austerity programmes or reductions in public spending may lead to budgetary arbitrage measures that have an adverse impact on the volume of orders for transport infrastructure projects. The availability of financing for large transportation infrastructure projects and the costs of such financing also impact the level of public orders. In particular, such financing may be more difficult to obtain or more costly during macro-economic, public health or financial crises and/or in times of rising interest rates. These factors may have a material adverse effect on Alstom's business, financial position, results and prospects.

Risk management

Alstom is commercially active throughout the world, in a market that is supported by urbanisation, infrastructure development in emerging markets and renewal and modernisation projects in mature markets which incorporate growing environmental concerns.

Alstom, half of whose revenues are generated in Europe and are distributed rather evenly among the three other regions (Americas, Asia and Africa/Middle East/Central Asia), is therefore able to cushion and/or offset a decrease in its revenues due to a crisis in a country or region, all while maintaining its objectives and financial performance.

Similarly, in the event of a major crisis in a country or production site, the Group's industrial footprint in 70 countries and over 250 sites makes it possible to reorganise the impacted activity:

- by moving production to another site in the country or region that carries out the same type of production (assembly sites for train assembly or component or equipment manufacturing sites);
- by reorganising the supply chain in cooperation with local suppliers, so as to restart supply in another production site or use other logistical means. The tensions between China and India in 2020 resulting from the ban of Chinese products on Indian territory were quickly bypassed using the suppliers' European bases.

Within framework of the recovery plans that have been launched around the world, Alstom is working to promote the support provided to the railway sector, which is indispensable to the development of low carbon mobility for transporting people and freight. In this context, Alstom communicates on its wide range of innovative products and services, which is recognised for its positive impact on greener and more intelligent mobility. Indeed, the United States is planning to put in place a \$2 trillion infrastructure investment plan (of which \$85 billion would go to modernising urban transportation networks and \$80 billion would be earmarked for developing rail transport run by Amtrak). Similarly, the European Union adopted a €750 billion recovery plan consisting of loans and subsidies to Member States, which will be borrowed and repaid by the European Union. Alstom is working closely with the administrations of each of the Member States in which the Group has operations in order to promote the railway sector, a sector that is capable of offering green and digital mobility, in line with the European Union's green economy and digitalisation objectives.

Finally, in order to bolster the attractiveness of its offerings, Alstom offers turnkey solutions to its customers throughout the world, which incorporate innovative export-credit financing solutions that are guaranteed by the public financial authorities of the countries in which Alstom has operations. Alstom's presence in 70 countries allows to combine the financing for a single project by several different states and thereby reach a combined total of export-credit that can finance the entire project.

Description of the risk factors and their impact (following)

Risk management

In addition, the recent trend towards intensifying trade conflicts between great world powers, in particular between the United States and China with a risk of this conflict extending to allies of the United States, may by definition weigh on growth globally and trade.

Fluctuations in raw material prices, including oil, also directly affect countries that are highly dependent on exports. Alstom conducts some of its business activities (6% of sales for the fiscal year 2020/21) in countries where revenues from oil production is significant.

Depending on the evolution in the price per barrel, Customers may experience decreases in revenues, leading to the postponement and even cancellation of infrastructure programmes, or the renegotiation of contracts, or, on the contrary, benefit from an increase in revenues as it was the case in the beginning of 2021, which they can dedicate to infrastructure investments, and railway investments in particular.

Finally, parameters that, by their very nature, are difficult to foresee, such as climate events, could have economic consequences on the railway sector depending on government responses to those events. These risks can therefore result in negative consequences on infrastructure investments.

Contract execution (*)

Description of the risk factors and their impact

Alstom's business activities lead the Group to make commitments under complex, long-term contracts, for which costs and profitability assumptions could potentially differ from those used in the initial budget.

These complex contracts may be executed by several players or through a consortium or specially formed project company which cover concession and project financing activities.

The degree of complexity, duration and cost variations can significantly affect the Group's profit margins and cash flows and may ultimately be lower than those initially planned, or even zero or negative.

Revenues, cash flows and profitability recorded for a long-term complex contract can vary significantly depending on the project's progress and events that are external to the Group, such as:

- the occurrence of unanticipated technical problems with equipment that is purchased and incorporated in final products. These technical problems can impact the performance expected from the product and lead to delays in contract execution;
- financial difficulties experienced by our suppliers, subcontractors or partners in a consortium (in particular civil engineering firms) with which Alstom may at times be jointly liable, or by our customers, leading to delayed payments or financial difficulties encountered by the Group's customers or withholding of payments by them;
- negative geopolitical, environmental or public health events (such as the Covid-19 pandemic) in the geographic zones in which Alstom operates, which may make the execution of contracts more difficult or extend execution timeframes, disrupt supply sources or lead to unexpected legislative or regulatory changes in reaction to these events.

This risk materialized for Bombardier Transportation in respect of several major contracts in the period prior to the acquisition. Notably, Bombardier Transportation's adjusted earnings before financing expenses, financing income and income taxes (EBIT) of \$340 million for the fourth quarter of 2020 and \$383 million for the second quarter of 2020 was significantly lower than expected in 2020, reflecting significant additional charges (including \$435 million in the second quarter of 2020) largely related to incremental engineering, certification, and retrofit costs associated with a number of projects, primarily in Britain, Switzerland and Germany. Additional difficulties in the execution of these contracts or other contracts entered into prior to the acquisition by Bombardier Transportation cannot be ruled out.

Risk management

The management of contract execution risk is based on:

- reviews of projects in the portfolio that, depending on the criticality of the contracts, are organised:
 - at the Group level with the involvement of the CEO or the CFO, for highly critical projects, *i.e.*, approximately 45% of the backlog at 31 March 2021,
 - at the regional level, for moderately critical projects, *i.e.*, approximately 25% of the backlog at 31 March 2021,
 - at the local level in the production sites, for non-critical projects, *i.e.*, approximately 30% of the backlog at 31 March 2021.

These project reviews are timed so that the impact of the project portfolio can be assessed before each half-year account closing;

- anticipating the key needs necessary for the smooth conduct of a project, such as:
 - using standard solutions as much as possible and deploying them in specialised sites,
 - defining personnel requirements jointly between the regions, the central functions and the Human Resources Department,
 - implementing double sourcing strategies for the most at-risk suppliers,
 - planning the activities that are necessary for the longest development or validation phases, and additional certification testing;
- a new standardised structuring of contracts by sub-system which relies on a centralised contract management tool.

This structuring is centred around managing the commitments of fields of expertise and contract management competencies such as planning, cost control, risk and opportunity management, and financial management. The tool now makes it possible to streamline the management of interfaces and exchanges during the various stages of the contract (including the stages between the tendering and execution phases) and to give the teams the power to make rapid and effective decisions so that they can concentrate exclusively on the contract performance expected by our clients;

- teams of experts who are capable of providing operational solutions to the project management teams;
- a continuous improvement process regarding the appropriateness and maturity of contract management practices through APSYS action plans (Alstom Performance System);
- external certification of fields of competence for heads of tender and project managers;
- regular audits that make it possible to verify whether contract management processes are properly applied.

Sourcing (*)

Description of the risk factors and their impact

Alstom interacts with several thousand suppliers around the world for its projects and is therefore exposed to certain supplier risks that may be financial, operational, cyclical or even social in nature. Indeed, while the complexity of the supplier ecosystem, globalisation of supply and continued improvements in delivery times allow for greater efficiency, they also increase the vulnerability of the supply chain.

Industrial purchases and purchases of services, equipment and sub-systems from third parties represent a very significant share of the costs of Alstom's activities (c. 60% of sales for the fiscal year 2020/21). Any default by a supplier or sub-contractor or unexpected increase in these costs can have an adverse effect on the Group's activities, financial situation, results and prospects.

Alstom sometimes encounters difficulties in negotiating contract clauses with certain suppliers, and these issues can lessen Alstom's ability to formalise modification requests that are necessary to adapt to the changing needs of customers or made at the Group's initiative.

Alstom can also experience difficulty in entering into consecutive agreements or commitments with suppliers and sub-contractors to guarantee that the required legal framework is implemented (cyber-security, trade secrets, export controls, duty of vigilance, and data confidentiality, for example).

In addition, certain suppliers or sub-contractors may:

- be impacted by increases in raw material prices while the contract is being executed;
- not comply with quality standards or delivery deadlines specified by Alstom;
- not respond to certain important terms of the specifications imposed by Alstom's end customer, notably in terms of the quality and performance of the delivered products;
- no longer be able to deliver to Alstom due to events such as a fire in a factory or technical centre, natural catastrophe (earthquake, flood, etc.), pandemic or political instability in the country in which their production sites are located.

All these factors can compromise the execution of the Group's contracts. Given the average duration of a project, which is three to five years, suppliers could face different phases of instability not necessarily identified at the beginning of the projects. The possible failure of one of its suppliers or subcontractors, or the breakdown of contractual relations with one of them, could result in delivery delays, unforeseen costs or degraded technical performance that could lead to the payment of penalties or damages by Alstom.

In addition, Alstom uses raw materials and manufactured goods in amounts that vary according to the project and which may represent a significant portion of the Group's contract. Given the emergence of trade and customs barriers, tensions in markets for certain manufactured goods and the extreme volatility of the prices of raw materials, such as steel, aluminium, stainless steel or copper, there can be no assurance that the corresponding cost fluctuations will be fully reflected in the Group's contract prices.

The Group's long-term contracts generally include indexation formulas that aim to protect the Group's margins against cost increases, such as those for salaries and raw material prices, with indexes structured to reflect the contracts' cost structure as much as possible. These formulas may prove insufficient to preserve margins, notably due to certain threshold effects and implementation lags.

Risk management

Supplier evaluation and selection at Alstom rely on activities that supplement the usual contract award process:

- an evaluation of the risks by supplier is carried out monthly by the central purchasing team with the help of teams at the production sites. This evaluation is based on a map of nine types of risks, including the supplier's financial strength and operational capacity;
- a periodic review of Alstom's major suppliers is carried out by the central purchasing team in collaboration with the regions to identify abnormal events or changes, to anticipate their potential impacts;
- regular audits with a standard checklist to assess the supplier's engineering, supply chain, quality, industrial, finance and organizational capability.

These additional steps notably allowed the Group to closely monitor the impacts of the Covid-19 crisis on all its suppliers since March 2020.

In the event of excessive dependence of a supplier, double source action plans are clearly identified and launched.

Plans aimed at securing a larger number of supply sources are in place, and can potentially include reintegrating the production of products back into the Group.

The Group relies on an external data base from Bureau Van Dijk to, among other things, facilitate the selection and evaluation of suppliers, monitor changes in those suppliers so as to be proactive about managing risks, and filtering suppliers according to sanctions lists in the areas of financial, ethical or CSR compliance.

All of the Group's suppliers and subcontractors must sign an Ethics and Sustainable Development Charter, which includes the environment, health and safety approach, and complete a self-evaluation about their CSR and responsible purchasing performance via the EcoVadis platform.

For more information on CSR performance and responsible purchasing of Group suppliers, see chapter 6 ("Sustainable sourcing").

The new scope of the Group led the purchasing team to re-examine dependence on certain suppliers and to define convergence of the Supplier Risk Management (SRM) processes as a priority.

A dedicated entity (Global Supplier Excellence) was created in order to structure improvement in supplier performance by developing their maturity and operational efficiency, anticipating risks, preparing the related action plans and robust crisis management.

In addition to these actions carried out to manage risks relating to our supplier portfolio, measures necessary for managing our supply chain are described in the overall sourcing action plan which is updated each year within the framework of the sourcing strategic plan presented to Alstom's Leadership Team.

Description of the risk factors and their impact (following)

Risk management

In addition, Alstom faces increasingly frequent demands to manufacture its products in countries where the railway industry is developing but not yet mature in regards to basic equipment. These demands may require Alstom to work with suppliers during the development phase and may lead to delays and additional costs or even constrain the development of Alstom's business in certain countries.

Alstom is also exposed to the risk of excessive dependence on certain suppliers who are in quasi-monopolistic positions. This dependence may take various forms. For example, with respect to certain technology, there may be cases where one or a limited number of suppliers are the only sources of the relevant technology, such as braking systems.

Finally, interactions with a large number of suppliers exposes Alstom to – beyond financial and operational risks – reputational risk if one of those suppliers does not meet its Corporate Social Responsibility (CSR) obligations in the context of its activities. See chapter 6 for more information on how this risk is accounted for and managed.

Contract Terms and Conditions (*)

Description of the risk factors and their impact

Alstom's business leads the Group to enter into major and complex long-term contracts. These long-term complex contracts may be entered into among several parties, through a consortium or the creation of a special purpose company, particularly in the case of "PPP" (public-private partnership) projects or similar projects that cover concession and project financing responsibilities. Due to the complexity and the duration of the projects in which Alstom is involved, its actual costs and profitability may differ from what the Group originally anticipated. These long-term contracts are entered into with customers that are principally public entities. The nature of such customers requires the Group to comply with the specificities of public procurement tender processes, which limit the Group's ability to negotiate certain contract terms and conditions, potentially forcing it to accept less favourable conditions than those normally sought by the Group (limitations on liability and cash position, for example).

Certain contract provisions (intellectual property, force majeure, jurisdiction, limitations on liability, etc.) may present risks in the event of unexpected events that may occur while a contract is being executed, and in particular when contracts are executed in connection with a partnership. For instance, certain customers may impose payment schedules that reduce or eliminate advance payments or that lead to negative cash flow during project execution, mandatory technical performance levels or requirements tied to the issuance of parent company guarantees. Public procurement contracts are often in a standard form that bidding entities cannot alter without disqualifying their bids. Such contracts include increasingly stringent contractual requirements, including multiple penalty clauses (tied to delay, reliability, availability, maintainability and safety) which are strictly applied by customers. The Group's exposure may be more significant in cases where Alstom partners with various parties through a consortium or the formation of a special purpose entity covering concession and project financing activities, as Alstom has less control over the performance of these contracts in case of unexpected events. These specific factors may generate risks or additional costs for Alstom, which could affect the profitability of its projects and have an adverse impact on its business, financial position, results and prospects.

In addition, the structure and duration of Alstom's projects may require to pay out significant amounts before the contract generates any cash flow. The Group's ability to negotiate and collect advances, prepayments and progress payments from its customers is therefore a significant part of the management of its working capital requirements. The uncertainties surrounding the execution of contracts entered into by the Group and described in the "Contract execution" risk factor increase the extent of this risk.

Finally, the Group's growth in emerging countries frequently involves the creation of partnerships and the subcontracting of production and can create the risk of an additional increase in working capital requirements or investments associated with such development, particularly during launch phases. Any unanticipated lag between the Group's outflows and inflows with respect to its orders or any reduction in overall order intake or worsening of payment terms has a direct negative effect on changes in working capital requirements and can therefore adversely affect Alstom's business, financial position, results, prospects and liquidity requirements.

Risk management

Regarding sales contracts, the management of risks relating to contract terms and conditions is carried out via the following principal actions:

- structuring contract management as a genuine function within the Legal Department. This function is now steered by the Vice President for Contract Management, Litigation & Insurance on a centralised basis and is represented within each region and/or cluster by a contract manager who reports functionally to that VP and reports hierarchically to the VP Legal of the relevant region;
- increased effort in anticipating contract management issues through the deployment of new tools and procedures, such as the contract management strategic plan; the organisation of an event dedicated to proactive management of the risks and opportunities of contracts (Contract Management Day), as well as the mandatory participation of contract managers in project reviews, in accordance with the Group's new rules;
- shoring up the contract management teams through the implementation of a skills development programme;
- carrying out of specific missions for the regions;
- the creation of a comprehensive contract management training catalogue;
- the implementation of performance indicators for the claims activity for projects contract managers have been assigned to;
- as a matter of priority, the availability of a correspondence management tool for critical projects to contribute to the proper monitoring of contract management.

Regarding the management of procurement contracts, the following principal actions are in place:

- the reorganisation of the Sourcing legal team to improve its effectiveness and proactiveness through enhanced proximity with the in-house counsel in the regions and the Sourcing function;
- the revaluation of the sub-contracting contract management position in order to include it in the overall community of contract managers and the harmonisation of their practices;
- the review of standard purchase agreements with a focus on better protecting Alstom's interests;
- the reworking of the general procurement terms and conditions to include (i) changes in the regulatory environment (export controls, duty of vigilance, General Data Protection Regulation, cybersecurity, etc.), and (ii) adequate rights and remedies for Alstom (definition of essential obligations, indemnities, increased requirements in the area of EHS, liability, etc.).

Tenders (*)

Description of the risk factors and their impact

Procurement conditions, the complexities of contract structures, contract organisation, performance levels expected by customers, local regulations and localisation requests lead the Group to manage long-term risks when preparing tenders.

For the past several years, Alstom has noted an increase in technical performance that goes beyond standards, as well as stricter payment schedules that can lead to negative cash flows over the course of project execution, or still yet the demand that multiple bank guarantees be issued for the entire term of the contract.

In addition to risks relating to contract terms discussed above, which sometimes are non-negotiable depending on the context of the request for proposals, the Group must be in a position to define the costing assumptions for all the customer's specifications but also to propose the best organisation within the Group for the successful execution of the contract.

These costing assumptions are highly dependent on:

- the technical maturity of the product being offered and the performance requirements;
- the impact of new developments or the incorporation of new technologies;
- the competence and availability of the design, product, validation and commissioning teams;
- the complexity of the geographic organisation planned for the execution of the contract; several sites in several countries may be involved in the contract (organisation of the project design phase, organisation of procurement for the project, industrial organisation of the project);
- knowledge about local regulations;
- the customer's role in obtaining the operating certificate;
- the contractual management of the customer's requirements;
- the request to localise production or component purchases, and the maturity of the railway industrial footprint, particularly in emerging countries such as South Africa, India and Brazil, but also in other countries such as the United States and Australia.

Risk management

The tender review process is based on an in-depth risk analysis that includes a list of items that must be systematically reviewed and verified. These elements take into account various parameters, such as, for example, the customer's profile, the contractual organisation of the project and project partners, the financial strength of suppliers and subcontractors, the technology being used and the performance requirements, the reliability and relevance of the estimated costs, the project timetable, contractual clauses, secured payment mechanisms, bank and financial guarantees, the exposure to exchange risks, country risks, tax issues, and key financial elements (contract price, margin, risks and opportunities and related financial reserves, cash curves, etc.).

The review process for commercial offers includes several control steps starting with identifying the opportunity, receiving and analysing the specifications, preparing the tender, and ending with the submission of the tender to the customer.

The application of this process relies on a specific documentation, analytical and validation tool for all commercial opportunities, and ensures the traceability of assumptions applied throughout the entire cycle.

The tender risk is also monitored thanks to strict monitoring of the transition period between tender and project phases, as well as a feedback loop making it possible to capitalise on best practices and lessons learned.

The programme for restructuring projects by sub-system referred to in the contract execution risk is also deployed in respect of requests for proposals in order to ensure the efficient and smooth transfer of information and data between the tender team and the contract teams.

Technology, products design and performance, and certification (*)

Description of the risk factors and their impact

The Group designs, manufactures and sells technologically complex products and solutions used particularly in major infrastructure projects.

The Group therefore faces the risk that products and/or technology do not satisfy contractual expectations due to:

- having to tailor technologies and R&D programs to certain specific customer requirements, and possible uncertainty with respect to performance level and quality of new technologies, with possible latent defects;
- more demanding performance requirements from customers, which may result in significant warranty claims.

This risk can be exacerbated in the following situations:

- operating conditions that are more demanding than the assumptions used in the validation plan, for example, if the customer uses Alstom products at a higher speeds than recommended;
- in case of a failure of, or delay in, technology or product development, which can result in project delays and costs;
- in the context of the refurbishment of projects designed using rules and standards that no longer apply, or whose components or sub-systems are obsolete.

In particular, the sale of Alstom's products depends on complying with railway security standards that are not uniform at the global level and which are overseen by numerous regulatory authorities, which creates a complex regulatory environment, particularly in Europe, and disrupts train certification procedures.

The process for obtaining train certification can be longer and more costly than initially expected due to the extensive trials and other technical supporting information required by the relevant authorities. In the past, Alstom has encountered difficulties tied to complex certification procedures and was also required to address new technical issues, such as meeting cyber security specifications, which are becoming increasingly significant. In addition, more and more frequently, contracts require Alstom to bear the risks and obligations arising from the certification process. The materialisation of these risks could lead to significant additional costs, payment of penalties or damages, an interruption of the service of the Group's products, or even the risk that the contract is cancelled in certain extreme and historically rare cases of prolonged delays.

Alstom is also required to introduce new, highly sophisticated and technologically complex products in increasingly abbreviated timeframes. This necessarily limits the available time for testing and increases the risk of product defects and their financial consequences. It is occasionally necessary to fine-tune or modify products during the production cycle or while a client is using them. Because Alstom manufactures some of its products in a series, it may then need to make such modifications throughout the production chain. In addition to the direct cost of such modifications or of managing returned products, Alstom may be considered responsible for delays and corresponding operational losses suffered by its customers, which could trigger the payment of penalties or damages.

The markets in which the Group operates evolve quickly with the introduction of new technologies, products and services, which may be produced by new market participants or strengthening of existing participants, particularly in the areas of digitalisation and big data. Alstom must anticipate these changes and integrate new technological features or solutions into its offering. This requires, on the one hand, significant expenditures and investments which may not be profitable and, on the other hand, an innovation strategy increasingly developed through partnerships.

In addition, Alstom is more frequently using or combining complex technologies that evolve very quickly, or components developed by third parties that integrate such technologies. This development requires the implementation of more robust design and approval processes in order to shorten development phases, monitor changes in technology, and comply with product safety requirements. Such measures could trigger additional costs that are more significant than initially anticipated, or cause delays in delivery.

Risk management

Through its "Development for Quality" process applying to the Technology and Product Development cycles, Alstom ensures strong governance and focuses on the maturity and performance of its products. This process includes checklists for each internal validation gate by the relevant functions, mitigation plans, a structured return on experience process, and is underpinned by the skills development and training of engineers involved.

The role of the platforms was recently strengthened. The platforms, which are involved in the bidding process, guarantee the control of technological risks and product design and performance risks.

The assessment of technological risks and product design and performance risks is an integral part of the tender process and helps to ensure that the proposed solution does not carry a particular risk.

If, however, such a risk persists when the product is subject to a development that has not yet reached sufficient maturity, the bid must contain an exemption request that includes a risk mitigation plan. This exemption request is subject to the approval of the Chief Technical Officer, the Group Head of Quality and the Market & Portfolio Director.

Regarding new technologies, the Group has entered into partnerships with external experts that allow skills improvement within Alstom's teams to be accelerated. A few examples are:

- DLR Germany for fuel cells;
- CEA France for battery ageing;
- ITE SuperGrid for the development of silicon carbide components;
- IRT Saint-Exupéry for the ageing of silicon carbide components; and
- Airbus for cybersecurity.

Competitive environment (*)

Description of the risk factors and their impact

Alstom faces intense competition, both from large historical international competitors, such as Siemens and Hitachi, and regional players and new competitors from emerging countries (particularly in Asia) which benefit from more competitive cost structures.

This competition is intense because the railway market is a developing one and will further develop in the future, particularly in the context of the combat against climate change. This will stoke competitors' interest in increasing their market share.

After entering the US market, the Chinese company CRRC has now entered the European market through its acquisition of Vossloh's locomotive activity (factory in Kiel, Germany, at the centre of the European market) in August 2019 and has signed several contracts with European customers. CRRC has also been very active over the past years and months in the Latin American market.

European competitors, such as Stadler Rail and CAF, have also extended their product ranges by including signalling and component manufacturing activities and have expanded their geographic footprints. For example, Stadler Rail, which is principally active in Europe, was awarded a significant contract in the United States for the Atlanta subway.

Smaller players in Central and Eastern Europe, such as Skoda or PESA, are also attempting to develop outside their home markets and benefit from more competitive cost structures.

This competition generates strong pressures on prices and profit margins, as well as on payment terms, manufacturing timeframes, technologies offered, and client services, in particular due to the fact that a significant portion of the Group's revenues and profitability are derived from the award of large-scale projects.

Furthermore, although Alstom has expanded its presence in numerous geographic markets, including through joint-ventures and partnerships, access to certain markets may prove to be difficult, particularly if a local competitor benefits from a strong presence in its home market or due to restrictions arising from the application of protectionist measures by certain countries.

Finally, the acquisition of Bombardier Transportation, which closed on 29 January 2021, could have an adverse impact on relationships with certain customers or strategic partners. The acquisition could lead Alstom's and/or Bombardier Transportation's customers to decide to work with other companies in the sector (in particular in order to diversify suppliers) – or indeed help them develop – or have a negative impact on Alstom's and/or Bombardier Transportation's customer relationships. Such negative impacts on either company's relationships could have an adverse effect on revenues, profits and cash flows from Alstom's operating activities and on Alstom's share price. For more information on relationships with customers, see chapter 6 ("Customer Relationships" section).

Risk management

Alstom deploys its "Alstom in Motion" strategy against its competition, which is based on three pillars:

- growth on the one hand, based on offering value added products and services, with the objective of being the first or second player in all of its markets, and, on the other hand, a series of targeted acquisitions, such as Shunter in March 2021, a leading services company in the area of maintenance of rolling stock for freight and passengers transport in the Netherlands, or Flertex, a French company that manufactures components for braking systems, and Helio Hydrogen Power in April 2021, a French company specialised in high power fuel cells;
- innovate by pioneering smarter and greener mobility solutions;
- operational performance powered by digital technologies.

The Bombardier Transportation acquisition fits squarely within the "Alstom in Motion" roadmap. This acquisition materialises a unique opportunity to reinforce Alstom's global position on the high-growth mobility market and the Group's international presence and capacity to respond to ever-increasing demand for sustainable mobility solutions.

The Group is also carrying out a series of more targeted actions consisting of requesting that European institutions implement measures that seek to ensure reciprocity in the opening up of public markets, or still yet benchmarkings in the context of the monitoring of our competitors' activities.

Cyber-attacks against Alstom's networks and products (*)

Description of the risk factors and their impact

The Group uses state-of-the-art information systems and technology to support its business activities and promote operational efficiency.

The Group's broad geographic footprint, its diverse businesses and product ranges, the successive integration of business activities and the now unavoidable computer connections with customers' and suppliers' IT ecosystems result in a complex environment. The convergence of industrial platforms and IT systems introduces exposure to new risk scenarios.

The acquisition of Bombardier Transportation and its integration into the Group also creates a context of significant change for the Group's IT systems.

In addition, the Group uses partners for managing certain elements of its IT infrastructure and for solutions support. The main challenges relating to the information systems and technologies used by the Group are ensuring business continuity, protecting sensitive data and intellectual property rights, maintaining systems availability and managing IT assets compliance, all while complying with the applicable regulatory framework.

The malfunction or failure of these systems may have external causes (viruses or other malware and computer hacks, network failures, etc.) or internal causes (malicious acts, breaches of data confidentiality, human error or negligence, obsolescence). This risk also includes the possibility that, following a successful cyber-attack against Alstom, the Company loses data or has its data corrupted, which could lead to:

- business disruption, or even the interruption of some or all of its business;
- loss of competitiveness (strategic plans, requests for proposals, intellectual property, etc.);
- harm to the Group's image;
- significant sanctions in the event of regulatory breaches (the European General Data Protection Regulation, for example).

Any such malfunction or failure may have an impact on the Group's operations and results.

The risk of cyberattacks also relates to the products, services and systems developed by Alstom and sold to customers. Cyber-attacks could occur at any time during the life cycle of Alstom's products, from the conception phase to production, delivery, installation, commissioning, operation, and up to the decommissioning. Such attacks can impact the comfort, availability and even the security of Alstom products and solutions used by the operators. Such attacks may include business interruption or the fraudulent use of Alstom products and solutions for criminal purposes. The failure of these products and systems may impact the commercial activity of the relevant product lines, the Group's reputation, and accordingly its results.

Risk management

In order to reduce this risk, defence mechanisms against cyber-attacks are implemented at every level within Alstom, be it within its own internal IT system or in its products' lifecycles.

Alstom's security strategy rests on four pillars:

- governance and risk management aligned with ISO 27002 best practices, favouring prevention through a clear and pragmatic policy and regular information;
- protecting data and access to resources, based on identity checks;
- detection and anticipation of changes in threats;
- reaction and restoration of the nominal situation.

Alstom's security strategy is based on risk management seeking to preserve confidentiality, integrity, availability, personal data, operations security (protection of assets and personnel) and the reliability of the management or production information systems.

The integration of Bombardier Transportation's IT systems will take place through a comprehensive three-phase structured approach:

- audits of Bombardier Transportation's IT systems carried out by external firms;
- analysis of the differences between the two entities' strategies, investments and management of operational security;
- definition and implementation of a security programme that seeks to remedy residual risks in the short term, structuring and aligning cybersecurity risk around a unified team.

The defence measures also apply to platforms in products/solutions and during project execution, in order to decrease exposure, and thus the likelihood for an attacker to reach the last stage of the cyber-attack (In-depth defence principle).

Alstom addresses risks of cyberattacks against its products via:

- an organisation dedicated to Alstom's cybersecurity (and cybersecurity governance);
- skills development in the area of evaluating cybersecurity risk and in defining the security controls to integrate into our systems;
- the integration, within Alstom's offering, of services in the areas of risk assessment, vulnerability management, product security maintenance and surveillance of the operational security of customer facilities;
- the creation of cybersecurity policies and guidelines, *i.e.*, global policies, development policies, and cybersecurity measures;
- active participation up to and including the leadership of standardisation committees or projects;
- partnerships with major players in the cybersecurity sector, bringing their indispensable expertise and innovations to the roll-out of security mechanisms that are adapted to the railway sector (technical and non-technical mechanisms).

Accidents

Description of the risk factors and their impact

In the event of a railway accident involving Alstom's services or equipment (including in case of transport operator), the Group may be subject to claims from its customer or any victims or their insurers in the context of legal proceedings in connections with the losses suffered. Even if no liability is immediately attributable to defects in Alstom's products or services, the fact that Alstom has provided equipment that is involved in a railway accident could involve the Group in legal proceedings while the circumstances of the accident are determined. Such an accident could also lead to the temporary withdrawal of a certification by the relevant transportation safety authority. In addition, railway accidents tend to attract heightened media focus, which may impact the reputation of Alstom or its products.

Despite the quality and safety control procedures the Group has implemented to cover its equipment, railway security risks remain. The occurrence of a railway accident involving equipment supplied by Alstom could, if a defect in that equipment was at the origin of such an accident, have an adverse effect on Alstom's business, financial position, results and prospects and on its reputation and that of its products.

The acquisition of Bombardier Transportation increases Alstom's exposure to the risk of accidents through the increase in the number of products and systems in operation, and through its new responsibilities as operator of certain passenger transport systems. In addition, the transitional phase of integration and convergence could lead to instability in project management and management. For more information, see chapter 6 - "Railways safety" section.

Risk management

The railway safety management system is a key element in Alstom's management system. This system defines the essential railway safety management rules, responsibility for their implementation, verification methods, and control, development and continuous networking principles.

Railway quality and security form an integral part:

- of the development and the V cycle deployment of products, systems, platforms and projects, which are the subject of a security report/security file drafted to establish their compliance with applicable requirements;
- of servicing activities (operation and maintenance) when provided by Alstom;
- of a security management procedure, thanks to which Alstom is in a position to control potential security issues and to take the appropriate measures at the appropriate time.

Regarding the development of our products and systems, the principal rules are the following:

- compliance with local regulations, the contract and professional standards;
- obligation for each project to commit to establishing a security plan and draft a security report or file in order to demonstrate compliance with safety requirements in respect of the supply of products and systems;
- obligation to communicate to our customers relevant safety information in view of the integration, use and maintenance of our products, systems and services.

General Management supervises the definition of Alstom's quality and railway safety strategy. The deployment of this strategy within each Region is the responsibility of the relevant Senior Vice President.

Each project team must:

- carry out a safety analysis and ensure that the demonstration of safety is traceable (safety and Reliability Availability Maintainability Safety (RAMS) teams);
- carry out a safety evaluation (led or supervised by the Quality Department);
- ensure that safety is demonstrated at key stages through a Design for Quality (DFQ) process and deliver an authorisation validated by key members of personnel designated *via* an SVP delegation.

Regarding the procedure for managing safety events, Alstom has a database in which all incidents that are liable to lead to accidents are recorded. K1 incidents, which represent a potential safety threat, are handled as a matter of priority and the progress of related action plans are monitored by General Management within the framework of a steering committee meeting which is held monthly.

With regard to rail safety integration activities:

- Newcomers have been trained in the group's event management procedure and the database now includes all safety events.
- As part of a continuous improvement process, the processes are being revised to integrate the best practices inherited from Bombardier Transportation.
- An action plan is in place for the integration of safety into current projects to allow for a smooth transition, with the possible use of legacy processes but in all cases implementing a safety assessment.

Non-quality during the warranty period

Description of the risk factors and their impact

The Group faces risk regarding the costs incurred in connection with correcting or replacing defects observed in interim or final products. Alstom's business involves its entry into complex contracts that mobilise numerous processes and internal and third parties. The significance and complexity of these contracts may lead to difficulties in achieving the outcomes expected by customers. These difficulties may lead to additional costs that can materialise either during the principal project implementation phase or during the warranty period, and in particular in the event of purchase of products or defective services by third parties.

These costs can take various forms, including in particular costs for:

- modifications resulting from non-compliance with requirements;
- rejection, upgrading or repairing non-conforming parts;
- measures to improve the quality of the purchased products.

This risk also relates to expenses incurred to address incidents during the warranty period, including:

- replacement parts for defective components;
- teams working in depots to carry out repairs and maintain the availability of trains and systems;
- modification costs relating to Alstom's compliance with commitments in respect of technical performance objectives.

Risk management

A number of new arrangements have been put in place to manage this risk:

The Quality organisation now includes HQ and regional disciplines focused specifically on Engineering, Platforms, Industrialisation, and Warranty in order to avoid recurring non-quality in the disciplines and excessive warranty expenditures:

- monthly Quality performance reviews, which include evaluation of quality performance for several key factors such as:
 - human resources and employee training,
 - the rollout of project phase reviews,
 - the in-factory and at-delivery system default rate,
 - defects observed in purchased products,
 - warranty issues and the related systematic handling (with the 8D method);
- process reviews are organised to evaluate quality performance:
 - centrally, with each of the disciplines involved in the steering of Alstom's processes,
 - on-site (Rolling Stock, Components, Signalling, Services);
- these process reviews allow decisions to be taken to optimise the effectiveness and efficiency of Alstom's processes.

The quality strategic plan, which is intended to evolve towards a zero defect culture within each of the organisation's activities and with our suppliers.

Integration of Bombardier Transportation (*)

Description of the risk factors and their impact

The expected benefits of the acquisition depend in part on the successful integration of Bombardier Transportation into the Alstom Group.

The challenge consists of integrating two large and complex businesses which previously separately carried out a wide range of activities in organisations with different ways of working.

The businesses could be confronted with significant difficulties during the implementation of the integration plan, taking into account, on the one hand, differences in business cultures, standards, controls, procedures and rules, histories of technological investments and internal organisation, and, on the other hand, the need to integrate and harmonise operating systems and procedures specific to each business, such as financial and accounting systems and other IT systems.

In addition, this complex integration process requires a great deal of time and resources, which can distract the attention and resources of the Group's management from strategic transactions and day-to-day operations during the integration phase. Therefore, the risk consists of losing focus on customers because concentration is re-directed towards integration and internal transformation activities, which, if a proper balance is not achieved, could lead to an absence from the market that would benefit competitors.

In addition, certain portions of the business will be significantly transformed, such as the Signalling business, into which independent activities from legacy Bombardier Transportation will be integrated in the new Alstom Group which could generate a risk of the Group losing momentum.

Bombardier Transportation could also lose the benefit of some contracts containing change of control clauses triggered in the context of the acquisition, or could incur more onerous financial terms in order to obtain counterparties' consent. Furthermore, the integration of Bombardier Transportation's business with Alstom's could result in the cancellation of certain orders in the backlog of both companies, as some customers currently present in the backlogs of both companies may wish to diversify.

Finally, concrete and attainable synergies were defined by Alstom, and significant value creation is expected in the medium and long term. However, there can be no guarantee that these synergies will be achieved within the expected timeframe, as the achievement and extent of synergies depend on a certain number of factors and assumptions, many of which are beyond Alstom's and Bombardier Transportation's control. First, the overall cost of integration and transformation necessary to achieve expected synergies and growth could be significantly higher than anticipated. Second, the disposal of certain activities is currently being evaluated and has not yet been finalised. The failure to achieve expected synergies and/or an increase of implementation costs could decrease Alstom's return on its investment and diminish the acquisition's value creation (including for Alstom's shareholders) and could result in the non-achievement of the objectives announced following the acquisition of Bombardier Transportation and, more generally, have a material adverse effect on Alstom's activities, financial situation, profitability, prospects and share price.

Risk management

Alstom anticipated the complexities involved in the integration of Bombardier Transportation by creating, before the closing of the transaction, a structure dedicated to the integration (IMO – Integration Management Office). The IMO's objective is to manage all critical work streams in order to guarantee the speedy and optimised convergence of the products, tools, processes, procedures and policies of the two groups.

An identical approach was put in place for the integration of the new employees, with specific attention paid to differences in business culture, with a view to creating "One Alstom". In particular, this includes designing and implementing the Target Operating Model (TOM), the appointment process, training on new tools and operating rules, the communication strategy and social dialogue.

The integration work that remains after the acquisition will be spearheaded by the new Departments (regions, product lines and functions).

Accounting for integration and transformation challenges in the Group's "Alstom in Motion" strategy (AIM) promotes the achievement of anticipated synergies within the defined budget.

By defining a short-term version of the AIM programme (known as AIM+), the Group's Management is ensuring that each TOM Department is in a position to put the transformation plan in place over the next three years, define objectives and targets for capturing value and expected synergies, and implement the related action plans.

Each Department therefore has the necessary independence to pursue integration activities, all while guaranteeing customer satisfaction and operational requirement levels.

Certain areas are undergoing material changes, for which emphasis is placed on change management, in order to ensure that the Group's activities run smoothly in a timely way, all while ensuring that all employees quickly adopt the roles and mission of the Group's new TOM.

The TOM white paper, in which all the changes are explained and the roles and missions are defined, serves as training material and a driver for change management.

Today, the structure dedicated to the integration has become the Coordination and Monitoring Committee. This Committee's mission is to ensure that the first integration objectives continue to be met. An Alignment Committee meets twice per month and brings together the Group's management and the Coordination and Monitoring Committee. This Alignment Committee bolsters rapid decision making and is indispensable during the transition phase.

Finally, the integration's success certainly necessitates as a matter of priority the implementation of new structures, processes and systems, but also that the cultural heritages of each business are taken into account. Since 2020, the Group has paid particularly close attention to analysing cultural similarities and differences. Workshops, round tables and working groups have been organised in all the regions, functions and product lines for the purpose of defining which path is the best for the Group to follow, which is to be built around Alstom's "Agile, Inclusive and Responsible" Values.

Description of the risk factors and their impact (following)

Risk management

More generally, part of the integration of Bombardier Transportation consists of measures to improve its profitability which was significantly below that of Alstom in the pre-acquisition period (e.g. Bombardier Transportation's contribution in fiscal year 2020/21 (February/March) at an adjusted operating margin of 2.7% versus 8.0% for Alstom on a full-year stand-alone and same scope basis and, on a pro forma basis for fiscal year 2020/21, a move from an operating profit of €348 million for Alstom stand-alone to an operating loss of €921 million for the combined entity). The performance and operational and financial indicators of the Bombardier Transportation perimeter may take longer to improve than initially anticipated or even continue to deteriorate, which would have a material adverse effect on Alstom's results, cash flows, profitability and financial situation. It cannot be ruled out, moreover, that other difficulties or contingent liabilities, in addition to those identified prior to the acquisition and to date, may arise within the Bombardier Transportation perimeter, making the expected improvement in profitability more difficult or longer. Such difficulties or delays could also contribute to an impairment of the provisional goodwill (€7.6 billion) recorded in the Group's balance sheet as at 31 March 2021 in relation to the acquisition of Bombardier Transportation, which could have an adverse effect on the Group's results and financial condition.

HUMAN RESOURCES RISKS

Employee Development and Management (*)

Description of the risk factors and their impact

Alstom's senior managers and executives have significant experience in the mobility sector and possess in-depth knowledge of the Group's activities, suppliers, products, services and customers. The loss of such know-how, expertise and technical skills could make it difficult for the Group to pursue its strategy and operational activities and reach its objectives.

Alstom's high backlog offers employment prospects over the long term, makes the Group highly attractive and bolsters its employer brand. However, the rarity in certain profiles could create risks for Alstom when new contracts are being executed or in the case of the development of new technologies that require special expertise. A shortage of engineers in general, and more specifically in the area of Signalling in Europe and in certain markets such as Asia Pacific and North America, could lead to higher than expected recruitment costs and more significant delays in filling positions when a complex project is launched.

At the date hereof, at the time the three-year budget plan is defined, each region manages workforce planning in consultation with the Finance Department and Human Resources Department by identifying the needs for all trades and therefore what competencies are required. However, Alstom does not have a consolidated view at the Group level, which limits its ability to anticipate overall needs by expertise, training and skills development.

Finally, employee engagement, which is a tangible measure of the quality of the relationship between Management and employees, could be affected in the context of the Covid-19 pandemic and Covid-19's impact on team cohesion, and by the unstable environment caused by the Bombardier Transportation integration and the Group's transformation.

Alstom cannot give any assurance that it will be successful in recruiting, integrating and obtaining the loyalty of the employees needed for its development, in particular in emerging markets, as this also depends on the social, political and macro-economic context in the countries in which Alstom operates. As a result, the measures to adapt headcount to changes in the market may result in significant social risks, which could have an adverse impact on anticipated cost reductions and the Group's production capacities. For more information about Corporate Social Responsibility challenges, see chapter 6 "Sustainable Development: Corporate Social Responsibility".

Risk management

In order to ensure that certain profiles can be recruited and retained, Alstom relies on:

- a new employer brand strategy, which is centred around the values of diversity and inclusion and reinforced presence on social networks;
- improved visibility on positions to be filled, notably *via* an internal recruitment forum held regularly and that takes expatriate populations into account;
- the Leadership Team's direct involvement in selecting candidates for management positions and managing their development;
- pre-selection and recruitment tools and methods, which are regularly reviewed to ensure continual improvement;
- when necessary, a decentralised recruitment process, in order to increase responsiveness and efficiency.

Forward planning of recruitment needs is now led by operational managers with the help of Finance and Human Resources. This collaboration between the various Departments allows key vacant positions in sensitive disciplines (industrial, engineering, project management) to be anticipated.

The deployment of a monitoring tool focused on skills requirements that would provide a clear strategy for internal and external recruitments is currently being studied and is to be spearheaded by Operations, with the support of Finance and Human Resources. This strategy will make it possible to anticipate workforce needs and better manage recruitment and development channels for professions that are in demand.

In order to compensate for the scarcity of certain skill-sets and the lack of a comprehensive view of the required competencies, Alstom put in place a series of systems that allow employees themselves to work on their own skill development and to evolve *via* Alstom University. Alstom plans on rolling out all these systems in 2021 throughout the world after pilot phases were conducted in Spain and India.

Finally, a gradual simplification of job classifications (and therefore associated skills) commenced in 2020 will permit greater agility and flexibility in developing internal resources.

LEGAL & REGULATORY RISKS

Ethics and compliance (*)

Description of the risk factors and their impact

Alstom's business activities are conducted in a varied, complex and evolving legal and regulatory environment that covers both national and international areas. Due to its established presence in many countries, Alstom is subject to national legislation, particularly legislation resulting from the transposition of international treaties as well as to international norms and standards. This is especially the case in the area of competition laws and legislation relating to anti-corruption and money laundering. These latter laws and regulations have considerably widened in scope and become more robust in recent years, for example, with the Sapin II law in France (Law No. 2016-1691 of 9 December 2016 relating to transparency, the fight against corruption and modernisation of business practices) or the 2010 ratification of the UK Bribery Act (British law on repression and the prevention of corruption ratified by the British Parliament on 8 August 2010 and effective on 1 July 2011). Moreover, authorities and jurisdictions responsible for the enforcement of such laws and regulations have increased their capacity to investigate, cooperate and coordinate among themselves and prosecute offenders and have imposed increasingly tougher sanctions.

Corruption and bribery risk can also result from third parties acting on Alstom's behalf or in cooperation with Alstom (e.g., consultants, joint venture/consortium partners, suppliers and, to a lesser extent, customers). These third parties may not be fully aware of the applicable rules imposed by international and local laws and regulations and may not have the required rules and systems in place to ensure compliance with Alstom's internal instructions and standards.

If the Group is unable to comply with anti-corruption and influence peddling laws and regulations, the legal and financial consequences could be serious and gravely tarnish the Group's reputation. This would be the case in particular if certain Group companies and/or certain current or former Group employees were the subject of investigations and/or proceedings by judicial or administrative authorities or by international financial institutions in connection with allegations of unlawful payments in certain countries, as was the case during the investigation of Group companies commenced in the United States with respect to potential violations of the US Foreign Corrupt Practices Act (FCPA) and in the context of which Alstom entered into a deferred prosecution agreement with the US Department of Justice («DOJ») on 22 December 2014. Bombardier Transportation is also currently being audited by the World Bank's Integrity Vice Presidency («INT») and is involved in various investigations into allegations of corruption, including those conducted by the Swedish criminal authorities, the Special Investigation Unit («SIU») in South Africa and the DOJ. The reader is referred to Note 33 to the consolidated financial statements as at 31 March 2021 for a description of the proceedings and investigations relating to ethics and compliance matters involving the Group or in which it is participating (including those relating to Bombardier Transportation).

These investigations and possible convictions could have financial, reputational, operational (e.g., eligibility to participate in public tenders) and legal (including potential vicarious or successor liability) consequences, which could have a material adverse effect on Alstom's business, financial condition, profitability, prospects and share price.

Risk management

Regarding compliance risks, Alstom is fully engaged in the fight against unlawful practices in relation to corruption and bribery and competition laws. Alstom constantly seeks to improve its compliance programmes and implement best in class compliance rules and processes. Alstom was among the first companies in the world to obtain the AFAQ ISO 37001 certification awarded by AFNOR Certification following an audit carried out in 2017, thereby confirming its commitment to fighting corruption. Since then, Alstom has been ISO 37001 certified in all countries in which it has operations. In 2020, this certification was renewed until 2023.

The Ethics & Compliance (E&C) team is led by Alstom's Chief Compliance Officer who reports directly to the General Counsel and has direct access to the Chairman and CEO and to the Board's Ethics & Compliance Committee, of which she is the secretary. To avoid any possible internal conflict of interest, the Chief Compliance Officer has the authority and independence to define and implement the appropriate rules.

The E&C rules and procedures in Alstom are centralised within the Alstom Integrity Programme which is implemented by employees in the framework of training and communication measures. It is monitored both internally and externally.

A Code of Ethics was first put into place in Alstom in 2001. Updated in December 2015 and renewed in May 2020, the Code of Ethics is available in multiple languages, and a brochure was distributed to all Group employees. It is also available on Alstom's intranet and websites.

Despite the high quality of Alstom's products and the competitiveness of Alstom's offers, it is sometimes necessary to have recourse to external business advisors (lobbying, advising, intelligence and representation services) in order to improve Alstom's commercial relationships expertise in some countries. Alstom policies and instructions set forth strong principles, rules, safeguards and verification procedures for the selection, use and payment of such services. All agreements must be approved by the Company with the support of the E&C Department following a clear description of the characteristics of the agreement and comprehensive information about the consultant (the consultant is subject to an in-depth and comprehensive prior audit).

These procedures are accompanied by regular training followed by assessments to ensure all participants understand the key learning points and the extent of their obligations. Face-to-face training sessions and e-learning are essential to explain our policy and Ethics & Compliance rules and processes. Two e-learning modules on the prevention of corruption and competition law have been issued and all exposed employees of the Group are officially required to participate in the e-learning exercises. The E&C team designed additional training modules in order to offer a wide range of learning materials to the Company. A training campaign to address a wider and more focused target audience has been implemented since 2017 and, as of the end of March 2021, nearly 76% of the target audience for the fiscal year in progress had been trained.

Description of the risk factors and their impact (following)

In addition, the export of products outside of the markets in which they are produced can be restricted or subject to checks or to the receipt of an export licence. Certain countries are subject to export control regulations, embargoes, economic sanctions or other forms of trade restrictions imposed by the United States, Canada, the European Union, Russia or other countries or organisations (the “Sanctions”). These Sanctions or the expansion of these Sanctions could restrict or block the Group’s business activities in such countries or result in amendments to the Group’s policies and practices.

No assurance can be given that export controls to which Alstom is subject will not be made more stringent, that new generations of products developed by Alstom will not also be subject to similar or more rigorous verifications, or that geopolitical factors or changes in the international context will not prohibit the receipt of export licences for certain customers or will not impair Alstom’s ability to execute previously signed contracts. Limited access to exported goods could have an adverse impact on Alstom’s business, financial condition, earnings and prospects.

Alstom’s business activities are also subject to a wide range of national and international competition regulations aimed mainly at combating anti-competitive practices involving suppliers, customers, partners and competitors themselves. Infringement of these rules could lead to severe sanctions, such as fines, payment of damages, and statutory prohibitions and criminal penalties. Such sanctions could also have a significant impact on the Group’s reputation.

Despite the measures Alstom has taken to comply with the regulations that apply to its activities, such measures cannot entirely eliminate risks in these areas. Any violation or breach, even involuntary, of applicable provisions and guidelines by Alstom or its employees or agents could trigger civil, criminal, or administrative liability for Alstom, lead to Alstom’s exclusion or elimination from project bidding or manufacturer selection procedures, or even prohibit Alstom from accessing public contracts or conducting its activities and result in adverse effects on its business, financial condition, earnings, prospects and reputation.

See chapter 6 (“Ethics and Compliance” section) for more information on the non-financial impact of ethics and compliance risk.

Risk management (following)

On 29 January 2021 Alstom acquired Bombardier Transportation (BT) and began integrating BT into Alstom’s E&C program. This process is expected to last 12-18 months and includes E&C integration activities such as expanding the E&C Department, deployment of Alstom’s E&C mission, policy, Code of Ethics, E&C Instructions, training, onboarding of new E&C ambassadors and post-close due diligence.

In addition, disciplinary measures are a key element of the E&C programme and Alstom has reinforced this aspect of its E&C programme. Any violation of E&C rules is submitted to Alstom’s Disciplinary Committee, which is made up of the CEO, the General Counsel, the Chief Human Resources Officer and the Chief Compliance Officer. Cases are presented to the Committee and the appropriate sanctions are applied.

In addition to the rules regarding interactions with third-party consultants, a specific instruction is in place presenting the rules and procedures for dealing with consortiums or joint ventures, M&A activities, suppliers and subcontractors. Additional instructions focusing on consulting companies, gifts & hospitality, political and charitable contributions, sponsorship and the management of conflicts of interest are in place and must be applied by all employees. The delegation of authority rules for gifts & hospitality, political and charitable contributions, and sponsorship are harmonised within Alstom.

The E&C Ambassadors community created in May 2010 counts more than 370 people in 2021. All appointed persons are volunteers from various functions. Their role is to diffuse the culture of integrity in the Group and to be a point of contact.

The 2020/21 yearly integrity review was launched and involved 500 executive and senior managers who reported on the efforts made to implement the Alstom Integrity Programme within their scope of influence and on the ethical incidents that took place and the corrective actions undertaken.

In terms of communication, the intranet has a dedicated section on E&C, posters are displayed on-site, and our website provides our external stakeholders a great deal of information.

Regarding antitrust/competition law risks, Alstom’s “Competition Awareness Guideline” policy sets forth strong principles, rules, and approval procedures to ensure the proper level of awareness and compliance with antitrust laws within Alstom.

These procedures are reinforced by regular trainings deployed in Alstom worldwide to ensure that all participants understand the key learning points and the extent of their obligations.

Disciplinary measures are a key element of the competition awareness programme. Any detected breaches of antitrust laws are submitted to Alstom’s Disciplinary Committee. Cases are presented to the Committee and appropriate sanctions are applied.

Alstom also has an online whistleblowing tool, the Alstom Alert Procedure, which allows employees (via Alstom’s intranet) and third parties (via Alstom’s website) to report suspected violations of Alstom’s Code of Ethics.

Litigation

Description of the risk factors and their impact

In the ordinary course of its execution of complex projects, Alstom is regularly called upon to make, negotiate and defend itself from commercial claims. These claims are principally related to extensions of delivery deadlines and to the technical performance of products. In addition, due to the nature of its activities, the Group may also be exposed to the risk of technical and commercial litigation (before state jurisdictions or arbitral tribunals). Please see Note 33 to the consolidated financial statements at 31 March 2021 for a description of the Group's principal litigation.

In addition, in the context of the acquisition of Bombardier Transportation, Alstom could face new claims and new litigation, in particular from clients, partners, suppliers, shareholders or creditors (notably bondholders) of the Alstom Group or of the Bombardier Transportation Group.

Risk management

The management of litigation risk is based on the following measures:

- the implementation of a file listing all pending litigation, which takes the Group's new scope into account, makes comprehensive and centralised monitoring possible;
- the Head of Litigation works closely with the legal teams within the regions, the contract management teams, insurance teams and the sourcing legal teams in order to anticipate any new litigation that could impact the Group;
- internal instruction LGL.WMS.002 "Dispute Resolution" has been updated in order to take into account the Group's new organisation and the new rules regarding monitoring litigation (such as litigation of amounts exceeding €5 million).

The Group presents a report on litigation of amounts exceeding €5 million to the Statutory Auditors twice per year (in September and in March).

Financial risks

Description of the risk factors and their impact

The Group is subject to financial risks, in particular foreign exchange risk and liquidity risk. The ability to have sufficient bonding facilities is a prerequisite for the Group to submit bids, obtain orders and receive instalment payments from customers. For more information on these financial risks faced by the Group, the reader is invited to refer to Note 28 to the consolidated financial statements as at 31 March 2021, which presents the exposure to foreign exchange risk and the associated hedging portfolio, the exposure to credit risk, interest rate risk and liquidity risk, as well as the policy for managing these risks. Detailed information regarding the Group's pro forma financial debt which amounts to €2,928 million as at 31 March 2021 (see section 27 of the Consolidated Financial Statements as at 31 March 2021). In addition, any downgrade of Alstom's financial rating could have an adverse effect on the Group's financing costs, access to certain financing and bank guarantee capacities. In particular, as a result of the acquisition of Bombardier Transportation, rating agencies may assign a lower rating to Alstom or to debt securities issued by Alstom in the future than its current rating. Such a downgrade could increase Alstom's financing costs. In such an event, Alstom could be limited in making certain acquisitions or capital expenditures, as the increased costs of financing projects would no longer meet its investment criteria. This could have a negative impact on Alstom's growth potential, operating results and financial condition. In addition, the Group cannot exclude the occurrence of execution risks on its projects that would result from a downgrading of its banks' ratings. Indeed, some of the Group's contracts include requirements on the rating of the banks used for the corresponding projects, in particular for the issue of bank guarantees. In case of events leading to a downgrading of its banks' credit rating, Alstom cannot guarantee that this will not lead to various contractual complications, which could have adverse effects on the execution of projects such as payment delays, shifting of project schedules, increased costs or other financial impacts.

Risk management

Foreign exchange risk management is based on a group policy of policy of hedging any FX exposure from the day the contract generating the exposure, present or future, comes into force.

The Group maintains sufficient liquidity at all times to fund its operations. As at 31 March 2021, the Group has a total liquidity of approximately €4,500 million, comprising €1,250 million in cash and cash equivalents and two available undrawn bank credit lines of €1,500 million and €1,750 million.

In order to have sufficient lines of credit to issue its guarantees, the Group has put in place a €9 billion confirmed bank guarantee facility. The facility, which was arranged with twelve leading banks, allows Alstom to issue bank guarantees with a maximum term of seven years until February 2024. The facility includes two one-year extension options and offers terms and conditions in line with Alstom's credit profile, such as no financial covenants.

In addition, the Group has unconfirmed bilateral lines in many countries.

➤ Risk management and control environment

The Group has put in place a system of internal control procedures and evaluations initially based on control guidelines prepared by a recognised body, COSO (Committee of Sponsoring Organisations of the Treadway Commission). The procedures are compliant with the AMF “Reference Framework” published in July 2010 and updated from time to time.

The system of internal control put in place provides reasonable assurance that:

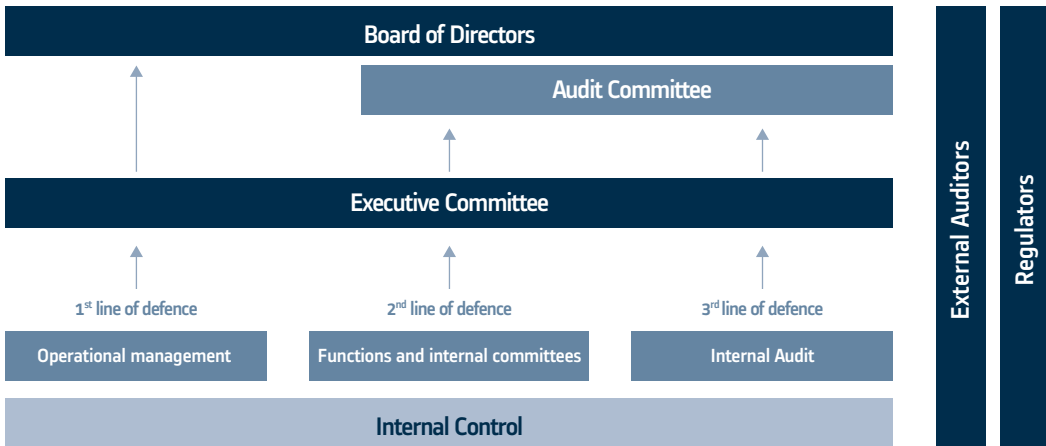
- the Group’s Internal Rules and instructions including applicable laws and regulations are always complied with;
- information is complete, accurate and to the required quality, particularly financial information;
- operations are completed in an optimal manner and internal control processes are effective, particularly those concerning the safeguard of assets;
- achievement of business objectives is reached with identification and control of risk;
- the risk of fraud is minimised; and
- controls, including controls over risks, are widely understood at all levels within the Group and appropriate actions are taken to mitigate and minimise these risks.

Internal control consists of five inter-related components, which have been implemented within the Group:

- control environment covering integrity, ethics, competencies, authorities, responsibilities and staff development;
- risk assessment including the identification, analysis and minimisation of relevant risks;
- control activities, namely policies and procedures that ensure that Management’s instructions are applied;
- information and reporting: information must be identified, captured and communicated in a format and timeframe to enable the relevant persons to carry out their responsibilities; and
- monitoring, including internal check and internal control procedures as well as internal audit: a process that assesses the quality of the systems performance over time and within a defined schedule.

By essence, an internal control system cannot provide a guarantee that such risks have been eliminated. It must bring them down to an acceptable level.

The Group’s various actors of risk identification and monitoring are described below and can be illustrated according to the three lines of defence model set forth by the IFACI (*Institut Français des Auditeurs et Contrôleurs Internes*).



INTERNAL ENVIRONMENT

First line of defence: operational management

The Chairman and Chief Executive Officer is responsible for the internal control and risk management systems and for ensuring that internal control and risk management procedures are designed and operated effectively within the Group. Management is responsible for developing, operating and monitoring the systems of internal control and for providing necessary assurance that it has done so.

Unit Management always has the responsibility of maintaining internal control. An Internal Control Questionnaire (or "Self-assessment Questionnaire") has been developed which differentiates requirements to units based on their contribution to the Group's financial statements, using a risk-based approach and covering the Group consolidation perimeter. This Self-assessment Questionnaire is regularly reviewed in relation with the Group risks evolution. At least once a year, the Managing Director of each reporting unit formally certifies that the unit under his/her responsibility has correctly self-assessed its control environment.

Where the results of the Self-assessment Questionnaire indicate that controls are not at the required level, corrective action plans are required to be put in place. The progress of action plans is regularly followed up. The Self-assessment Questionnaire results are approved by unit Management (Finance and Managing Directors) and are subject to review by Internal Audit. The results are presented annually to the Audit Committee.

Good practices identified during this self-assessment process are promoted and broadcasted on the internal social media platform to ensure large information coverage to the units.

During the self-assessment questionnaire review campaign carried out from mid-June to mid-September 2020, nearly 1,200 Department Heads were mobilised. In 2021, the self-assessment questionnaire will be sent to more than 1,500 managers in order to take into account the Group's new scope following the Bombardier Transportation acquisition.

Second line of defence: the functions

Finance function

The Finance function controls business, operations and projects to optimise the Group's profitability and cash generation whilst providing internal and external stakeholders with reliable information including financial information.

The Finance function defines the Group's principles and financial policies in terms of tenders and projects control, funding, treasury, internal control, accounting, tax and management control.

The accounts of reporting units are prepared in accordance with the Group's accounting policies. The data is then adjusted, where necessary, to produce the local statutory and tax accounts. Integrated consolidation software is used for both management reporting purposes and to produce the Group financial statements. The consolidation software allows the reconciliation between contract data and financial statements. The main reporting processes facilitate consolidation of financial data to produce the consolidated financial statements and forecast data, as well as regular management information.

Accounting standards

The consolidated financial statements are prepared in accordance with IFRS as adopted by the European Union. The consolidated financial statements comply with accounting policies as detailed in Note 2 of the consolidated financial statements at 31 March 2021.

Accounts closing process

The reporting units produce monthly statements which are used to determine the Group's monthly operating income, cash flow and balance sheet.

Group Accounting Department

The list of entities to be accounted for by the equity or line by line methods or fully consolidated is drawn up by the Accounting Department. This Department also checks the quality of the reporting packages submitted by the units, focusing primarily on inter-company eliminations, and the accounting treatment of non-recurring transactions for the period, and movements between the opening and closing balance sheet used to prepare the statement of cash flows and reconciliations between legal entities and reporting entities.

The Department also checks the results of the application of the accounting procedures, including foreign exchange, inter-company eliminations, transfers to minority interests and recognition of the effects of changes in scope of consolidation. The Group's consolidated financial statements are also analysed in detail, to understand and check the main contributions by Regions, Product Lines or subsidiaries, as well as the transactions reflected in the accounts.

Internal Control function

The Internal Control function at Group level is responsible for promoting and coordinating all actions and projects aiming at defining the Group's requirements in terms of internal control and updating the Internal Control Questionnaire. It is also in charge of following the global results of the Self-assessment campaigns, the main deficiencies identified in the Group's internal control and their respective action plans.

Where internal control weaknesses are identified, detailed action plans are put in place to correct these weaknesses in a timely manner with the support of the regional and operating teams and overseen by the central Internal Control team under the responsibility of the Director of Internal Control.

Risk Management Department

This Department's main objectives are to ensure that the major risks are taken into account and addressed at the most appropriate level of the organisation, that continuous monitoring is in place, notably with respect to identifying emerging risks, that the means implemented are sufficient and effective for reducing the identified risks and that the Group's Management has an up-to-date vision of the Group's principal exposure areas.

The risk management process is structured around a risk officer organisation, governance that defines the key stages and annual cycle, and a risk management policy that formalizes objectives by relying on common methods and language, starting with the identification and analysis processes and ending with elimination actions or mitigation plans for risks that are liable to affect the Group's performance.

The Risk Management Department is under the responsibility of the Internal Audit and Risk Management Department, which forms part of the Group's Finance Department. The Department steers the Risk Committee, which meets quarterly to review the situation of the principal risks and relies on a network of risk officers who are responsible for moderating a network of risk owners.

Risk mapping methodology and process

The Risk Department defined a frame of reference relating to the Group's risks, and allows, through an IT system accessible to risk officers, risk owners and General Management, the internal distribution of information relating to risks and the consolidation of major risks by regions, product lines and functions. Each unit has a risk map prepared in compliance with ISO 31000 in terms of net impact and probability of occurrence and takes into account control measures that are already in place. Risk owners are responsible for designing and rolling out action plans in coordination with the risk officer for their region, product line and function, in order to limit and manage the exposure to residual risk. The risk officers network is involved in defining action plans and steering the system as a whole, notably as regards warning about and identifying emerging risks.

Consolidation and cross-functional vision

The Risk Committee meets quarterly to examine together the Group's risk maps, select a list of major risks to the Group from among all identified risks (industrial, technological, ethics and compliance, EHS, safety, human resources, climate change, environmental matters, human rights, etc.) and approve related action plans. Only the major risks are presented once a year to the Audit Committee, with the participation of the Finance Director.

Risks Committees by regions, product lines and functions also meet quarterly to monitor and validate the mapping of risks within the scope of their activities and the implementation of the related action plans.

The functions and the product lines each have correspondents in the regions and are involved in managing the risks that are specific to each region.

When a risk is considered to be systemic or shared among several regions, that risk is taken over by the Group. The Risk Management Department therefore works closely with all of the Departments in the second line of defence, and in particular with the Legal Department to consolidate the Ethics and Compliance map and the CSR Department with respect to the CSR map.

Legal function

The Legal function is responsible for monitoring and mitigating risks arising out of the activities of the Group, as well participating in the Group's efforts to ensure full compliance with applicable laws and the Alstom's Code of Ethics. Legal is comprised of Region Legal Departments and the Group Legal Department.

The Legal function is headed by the Group General Counsel, reporting to the Chairman and Chief Executive Officer. The Group General Counsel attends all the meetings of the Board of Directors, the Ethics & Compliance Committee, and attends Audit Committee meetings when legal matters are discussed. She routinely provides an account of ongoing legal proceedings and investigations.

The Group Legal Department handles major disputes affecting the whole Group and compliance matters involving criminal investigations. It monitors the Group exposure reporting relating to disputes and prepares the Group Annual Litigation Report concerning the status of

the main potential and pending lawsuits which is submitted annually to the Corporate Disclosure Committee, the Audit Committee and the Group Statutory Auditors. Legal provides training on the management of legal risks at all levels of the Group.

The Group Legal Department is responsible for implementing Alstom's competition compliance programme, which aims to prevent the conduct of anti-competitive practices in connection with the Group's activities, and to ensure the compliance by all employees with the Code of Ethics, the laws and regulations in the area of competition law in the countries where Alstom carries out its activities.

Ethics and Compliance

Ethics and Compliance stands as a top priority for Alstom, and the team has the responsibility of the Alstom Integrity Programme aiming at implementing the culture of integrity as well as the application of all the rules in relation to Business Ethics and Personal Integrity.

The role of Ethics & Compliance at Group level is to:

- promote and explain Alstom's culture of integrity ensuring that the highest standards of integrity and ethics are applied throughout the Group;
- ensure compliance with international and national laws and regulations together with internal Group rules;
- prevent all illegal activity and unlawful payments;
- control the business partner selection process, including a prior check of these partners' integrity;
- implement all necessary rules and policies; and
- continually monitor the performance of the Alstom Integrity Programme on an ongoing basis.

Prior to the Bombardier Transportation acquisition, the Ethics & Compliance team comprised 14 employees. Following the Bombardier Transportation acquisition, the team counts 27 members. Ethics & Compliance has full authority and independence through its reporting to the Group General Counsel. The Chief Compliance Officer has direct access to Alstom's Chairman and Chief Executive Officer and to the Ethics & Compliance Committee. The Chief Compliance Officer is fully independent and has an unfiltered access to the governing authorities of Alstom.

To promote Alstom's Integrity Programme, a community of over 370 Ethics & Compliance Ambassadors, all of whom are volunteers, has been in place since May 2010. More than 5,000 participants were trained on ethics and compliance during the 2014/17 enhanced training cycle. Following the acquisition of Bombardier Transportation, a new 2020/23 enhanced training cycle was launched, with more than 8,000 participants to train. Online training is provided annually in addition to this enhanced training. In 2020, more than 20,000 people received online training.

Corporate Funding & Treasury

The Funding and Treasury Department defines rules and procedures regarding cash management, financial risk hedging, as well as deposits and guarantees. In addition, it manages the related risks (liquidity risks, including availability of lines of credit and deposits, counterparties, foreign exchange and interest rate), the financial relationships with subsidiaries, the cash pooling structure and the netting process.

The central organisation facilitates the financial risk management as all transactions on derivative products are performed or, when that is not possible, at least supervised by the Corporate front-office and under the control of a strictly independent middle office.

The Funding and Treasury Department is solely entitled to raise bank loans and invest cash surplus except when local regulations do not permit it. In such cases, the involvement and approval from the Funding and Treasury Department remain mandatory before any commitment.

It has also defined a detailed list of authorised banks which the units are authorised to operate with. For further information regarding the management of financial risk, see Note 28 to the consolidated financial statements for the fiscal year ended 31 March 2021.

Environment, Health, Safety (EHS)

The Corporate Environment, Health, Safety (EHS) Department is responsible for defining the risk management policy and strategy and programmes with respect to the environment, health and safety in the workplace. It is supported in its mission by the EHS managers' network, organised by region, cluster, country, operational worksite or project, and by product line, which ensures operational implementation of all such programmes.

Based on the Group EHS roadmap internal and external assessors network validate EHS actions and advice on deployment plans.

Through the programmes the Group seeks to:

- ensure high standard level of monitoring industrial risks at least equal or above local regulations;
- evaluate the environmental and employee health impact arising from new industrial processes prior to implementation and the discontinuation or transformation of existing processes;
- develop a continuous improvement process to reduce energy and water consumption, generation of industrial waste, greenhouse gas and volatile organic compounds emission and to minimise risks related to accidental pollution; and
- ensure to its employees, suppliers and contractors, involved in contract execution and on sites the best protection regarding safety and health.

Particular attention is given to high risk activities performed by Group employees, suppliers or contractors during contracts execution.

External specialised assessors regularly perform audits and self-evaluation of fire prevention and natural disasters. During the 2020/21 fiscal year, ten sites were audited by an independent third party and expertise and consultation assignments were performed during this fiscal year.

During 2020/21 fiscal year, 58 EHS audits were performed, in connection with the plan to reduce serious accidents and control of high-risk activities: "Alstom Zero Deviation Plan".

The Group has launched several actions towards the setting-up of the Vigilance Plan as required by French law dated 27 March 2017, considering that the Group already has existing processes supporting directly or indirectly certain requirements of the new law (e.g., risks mapping processes, supplier qualification processes, alert procedure, etc.).

Digital Transformation

The Digital Transformation function is a central function whose main purpose is to provide digital solutions and services aimed at modernising and supporting the Group's business, operations and projects, and support the Group's strategic evolution, operational efficiency, process excellence and the productivity of the regions through the choice of optimised, innovative, cost effective, secure and compliant technologies.

Many initiatives were launched that enabled the efficiency of information systems and technology (IS&T) to be bolstered:

- IT assets management centralisation;
- infrastructures upgrade;
- decommissioning of obsolete systems and the rationalisation of existing solutions;
- increasing services that are accessible remotely;
- new tool deployment to secure the workplace environment; and
- adaptation of the IS&T security policy to new IT environments.

The central management of the Group's systems and infrastructure strengthens its ability to manage the IS&T risk and ensures better control of IS&T activities. "Business Solutions", "Technology and Security" and "Service Performance and User Support" Departments assist the Group's CIO in setting IS&T principles, corporate architecture, processes and rules, and in applying common practices to services and standards.

Sustainable Development and CSR function

The Sustainable Development and CSR function is responsible for defining and implementing the Group's Sustainable Development and CSR approach.

In particular, the Sustainable Development and CSR function is responsible for the Sustainable Development and CSR Steering Committee, which is made up of individuals from the Human Resources, Sourcing, Marketing, Engineering, Environment Health & Safety, Communications, and Ethics & Compliance functions. This Committee meets quarterly in order to supervise and monitor the progress achieved in ongoing initiatives and to coordinate the rollout of cross-functional activities. Alstom's sustainable development approach is therefore articulated through a combination of programmes which combine both general and specific objectives, all while leaving room for local initiatives. The deployment of the Sustainable Development and CSR policy in the regions relies on a local network.

The Sustainable Development and CSR function steers the analysis of the Group's extra-financial risks. This risk map is reviewed by the Sustainable Development and CSR Steering Committee every year. Comprehensive information about the management of extra-financial risks is included in chapter 6 of this document.

The Vigilance Plan is implemented under the Sustainable Development and CSR Steering Committee's supervision.

Third line of defence: Internal Audit

The main role of the Internal Audit Department is to advise the Chairman and Chief Executive Officer, the Chief Financial Officer and the Audit Committee on the adequacy and effectiveness of the internal control system in all phases of the Group's business. The Internal Audit Department operates in accordance with the terms of an Internal Audit Charter approved by the Audit Committee and has the authority to examine all aspects of operations.

The Internal Audit Department evaluates controls that promote:

- compliance with applicable laws and with internal policies and procedures;
- physical safeguarding of assets including risk identification;
- availability, reliability, integrity, confidentiality of information and reporting; and
- efficiency of business processes, functions, and activities.

The Internal Audit Department takes into account the risks mapping and risk profiles in assessing its audit programmes and plans.

After each internal audit assignment, a report is issued setting out the audit findings and recommendations. The results are also summarised in the bi-annual internal audit activity reports, which are presented to the Audit Committee on the overall results of the internal audits as well as on any other matter which affects internal control. These reports provide the basis for the Audit Committee to review the effectiveness of the work performed by the Internal Audit Department.

Internal Audit may proceed with a new audit (after a reasonable period) after any internal audit assignment whose result, from the point of view of controlling the control environment, is below the Group's expectations.

Insurance

The Alstom Group's policy is to purchase from leading insurers (or reinsurers) world-wide insurance policies covering all its activities and subsidiaries. The implementation of insurance solutions by the Group Insurance Department takes into account the richness and wide diversity of the trades and risks within the Group. The aim of this coordinated policy is to mutualise and optimise choices and solutions and ultimately reduce the overall cost of the risk. In addition to the legal or contractual obligations the Group may have with respect to insurance, the coverage of operational risks is structured around two principal focus areas:

- transferring to a panel of insurers with first rate solvency the financial consequences of high magnitude but low frequency risks; and
- retaining the financial consequences of "frequent" risks through a retention/deductible policy, except in cases where an insurance obligation exists.

Our programmes are placed by our broker-advisors with a panel of first-class continental or international insurers which are selected using several criteria, including but not limited to their technical insurance skills and their human and technical resources they can mobilise to set up international programmes and manage technical claims.

The amount of insurance purchased varies according to Alstom's estimation of the maximum foreseeable loss, both for property damage & business interruption as well as for Liability/Casualty insurance. This

estimate is made within the framework of industrial risk management audits that are conducted for Property Damage and Business Interruption. For Liability/Casualty, the estimation of insurance needs depends on the evaluation of the maximum legal risk considering the various Group activities and the risks faced. In general, the insurance and coverage taken out can evolve depending on changes in market conditions and/or changes in the Group's risks.

Subject to the limitations, terms and conditions and exclusions of the relevant insurances policies and the customary representations tied to this type of insurance, the principal covered risks are (non-exhaustive list):

- damage to property and operating losses subsequent to property damage, fires, explosions, natural events and other perils, such as equipment damage;
- financial losses arising from civil liability due to damage caused to third parties as a result of operations, products or services;
- damages during transport, from the departure point to the unloading point (warehouse, construction site or final destination); and
- damages during construction, installation, testing and commissioning when executing contracts.

In addition to these Group policies, Alstom also takes out insurance policies in countries in which it operates that are intended to cover specific risks or risks for which insurance is mandatory, such as automobile, workplace injury or employer liability risks. The above description is a simple and summary snapshot of the Group's principal insurance policies and does not describe the limitations, exclusions and limits that may apply. For confidentiality reasons and in order to protect the Group's interests, it is not possible to exhaustively present the programmes and covers purchased by the Group.

In light of the acquisition of Bombardier Transportation in 2021 and the trends currently observed in the continental and world-wide insurance and reinsurance markets, the Group renegotiated and revisited the balance of its programmes and coverage. The Group considers that, in light of the negotiations and the results obtained, the current programmes are in line with its needs and with the possibilities offered by the various insurance markets that were approached as regards capacity, scope of covers, terms and conditions.

MONITORING AND CONTROL BODIES

The Committees

Corporate Pension Committee

Pensions and other employee benefits are governed and monitored by the Corporate Pension Committee which is composed of the Corporate Treasury, Consolidation and Compensation & Benefits functions, according to the following principles:

- balanced management of each plan's assets/liabilities so that only market risks that are necessary to cover Alstom's liabilities are taken;
- when possible, simplicity in the investment strategy to ensure visibility on the risks involved;
- a global policy on employee benefits to address principles for pension plan design, funding and investment, administration and governance;
- a Responsibility Charter under which changes to pension plan design, funding, investment and administration must be authorised by designated members of Group's Management.

The Committee meets at least two times per year to monitor the schemes' evolution. During the 2020/21 financial year, the Committee met on five occasions, mainly to:

- assess risk reduction strategies;
- control the volatility of net pensions in the United Kingdom, United States and Germany; and
- analyse in particular the impacts arising from the Bombardier Transportation acquisition, in view of understanding the resulting new risks, secure the management of the corresponding assets, and to prepare a future integration strategy.

Audit Committee

The Audit Committee reviews and evaluates twice a year the internal control procedures including those relating to financial information, contributing to the preparation of the financial statements of the Group. A review and evaluation of the risks mapping, including risk assessment and risk management is also made.

Within the Audit Committee, the scope of planned internal audit activities is reviewed in advance and the Internal Audit Department develops a plan and determines the allocation of resources.

The Audit Committee provides a report to the Board of Directors. For more information regarding the Audit Committee, see the corporate governance report in chapter 5.

Disclosure Committee

The Chairman and Chief Executive Officer and the Chief Financial Officer have established a Disclosure Committee at the central level in order to assist them in evaluating the effectiveness of the Group's disclosure controls and procedures that are designed to ensure that material financial and non financial information required to be disclosed were recorded, processed, summarised and reported on a timely basis and that appropriate information was communicated to the Management in order to allow timely decisions. More specifically, the Disclosure Committee ensures that important information about projects in progress is properly reported up and monitors pending legal proceedings.

The Disclosure Committee is composed of the Chief Financial Officer, the General Counsel, the Vice President of Internal Audit and Internal Control, the Vice President Group Business Management, the Head of Tax, the Head of Treasury and the Vice President Tenders & Projects Control. The Disclosure Committee met twice during 2020/21 fiscal year under the chairmanship of the Chief Financial Officer.

The consolidated financial statements for the fiscal year ended 31 March 2021 and other financial information disclosed in the Annual Report were reviewed. The interim consolidated financial statements for the six-month period to 30 September 2020 were reviewed. In the reviews of the consolidated financial statements the Committee considered the disclosures made to determine and confirm their relevance, accuracy, completeness and presentations.

Information Committee

The Information Committee was put in place by the Group pursuant to its new internal procedure relating to the identification of and the terms applicable to the transmission and use of inside Information. This procedure was adopted to take into account the recommendations issued by the French financial markets regulator "AMF" (Position-Recommendation AMF DOC-2016-08, Guide on Ongoing Information and the Management of Inside Information).

The Committee is made up of members of the finance function (CFO, Head of Communications and Investor Relations), members of the legal function (General Counsel, Head of Governance) and members of the communications function (Head of Communications). In addition, the Chief Compliance Officer is involved, at the Committee's request, to assist with solving any relevant issues pertaining to the qualification and management of inside information.

The main mission of the Committee is to assess whether the information concerning the Group qualifies as inside information and to determine the terms and conditions applicable to the transmission and use of such information. To that end, the Committee meets at least on a quarterly basis at the time of preparation of financial statements and results, but it can hold meetings at any time when called pursuant to the rules laid down in the above-mentioned procedure.

Insurance Committee

The purpose of the Insurance Committee is to review the Group's insurance policies and to set the strategy for the renewal of these policies. The Committee also defines the actions to be launched for the management of insurance aspects in tenders and contracts. Finally, the Committee analyses main insurance claims.

The Insurance Committee meets at least every semester and comprises the Insurance Director, the Chief Financial Officer, the General Counsel, the Vice President Legal Contract Management, Disputes and Insurance, and the Vice President of Internal Audit and Risk Management.

External actors

The mechanism described above is supplemented by third parties, including:

- the Statutory Auditors; and
- the Certifying Body which certifies the Group's activities on a three-year cycle: environmental management (ISO 14001), quality management systems (ISO 9001), and anti-bribery management systems (ISO 37001). In addition, specific activities are certified from a quality standpoint regarding development of products and projects (Capability Maturity Model Integration – CMMI), railway applications quality management systems (ISO/TS 22163-IRIS), and occupational health and safety (ISO 45001).


This organisation (AFNOR) also verifies the company's contribution to sustainable development, in accordance with ISO 26000.



5

CORPORATE GOVERNANCE

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 **AFR** The Content of the Annual Financial Report is identified in the summary table with the help of this pictogram.

This chapter presents information about the Company's corporate governance in respect of the 2020/21 fiscal year, along with additional information providing further detail on the resolutions being proposed to the Company's shareholders at the 2021 Annual General Meeting.

The Company has opted to refer to the Corporate Governance Code for listed companies published by AFEP and MEDEF (the "AFEP-MEDEF Code"), which, at the time this Universal Registration Document was published, had last been updated in January 2020. This code is available on the websites of AFEP (www.afep.com), MEDEF (www.medef.com) and the Company.

➤ Report of the Board of Directors on corporate governance

Pursuant to the provisions of Article L. 225-37 of the French Commercial Code, the Board of Directors hereby presents to the 2021 Annual General Meeting its report on corporate governance (which report is attached to the management report).

This report was approved by the Board of Directors during its meeting held on 10 May 2021.

Pursuant to the provisions of Article L. 22-10-71 of the French Commercial Code, this report of the Board of Directors on corporate governance has been submitted in full to the Company's Statutory Auditors who, in their report on the Company's annual accounts (see chapter 3 of this Universal Registration Document), present their observations on the information referred to in Article L. 22-10-11 of the French Commercial Code and attest to the existence of the other information required by Articles L. 22-10-9, L. 225-37-4 and L. 22-10-10 of the French Commercial Code.

BOARD OF DIRECTORS

Composition of the Board of Directors

At 10 May 2021, the Board of Directors counted thirteen members, including two members representing employees within the meaning of Article L. 225-27-1 of the French Commercial Code, and one Censor (*censeur*). Women accounted for 45% of the members of the Board of Directors on such date (excluding Directors representing employees).

Six Directors are foreign nationals (46%), and eight are independent as defined by the Company and under the AFEP-MEDEF Code (*i.e.*, 72%). A single Director, Mr Henri Poupard-Lafarge, Chairman and Chief Executive Officer (CEO), performs executive duties.

Directors and Censor are appointed for a four-year term. Staggered terms of office are not contemplated by the Articles of Association, as term renewals are distributed over four consecutive years.

The Articles of Association do not specify any age limit applicable to Directors that goes beyond the legal limit.

Pursuant to the Articles of Association, each Director must own at least twenty-five (25) shares of the Company. In addition, the Board's internal rules provide that it is desirable that each Director hold at least 2,000 shares. Each Director has a period of two years as from the date he/she takes office to bring his/her shareholding to this minimum level.

The Board of Directors' internal rules were amended by a decision of the Board of Directors dated 9 March 2021 to provide that shares held by Directors may be held in registered form or be deposited with an authorised intermediary in accordance with the law. In addition, the internal rules now specify that except for the obligation under the Articles of Association to hold shares, the shares may be financial instruments (such as American Depositary Receipts), notably for Directors living abroad.

At 10 May 2021, Directors collectively held 76,628,956 shares of the Company, of which 64,893,536 are held by the Caisse de Dépôt et Placement du Québec, and 11,581,441 are held by Bouygues.

On the basis of the Nominations and Remuneration Committee's recommendations, the Board of Directors regularly examines its composition and the composition of its Committees, as well as at the time directorships are renewed. Directors are also invited to provide their views on this topic during the evaluations of the functioning of the Board and of the Board's Committees. The Nominations and Remuneration Committee provides recommendations on new candidates and directorship renewal proposals submitted to the Board of Directors. The Board of Directors has an on-going objective of increasing the diversity and complementarity of skills required for service on the Board, maintaining diversity in nationalities, and balanced representation of women and men.

The Director selection process is more fully described in the paragraph entitled "Diversity policy".

In the fiscal year:

- the General Meeting held on 8 July 2020 approved the renewal of Mr Yann Delabrière's directorship and the nomination of Mr Franck Mastiaux. At the end of such Meeting, the directorship of Mr Gérard Hauser, which was expiring, ended;
- the Combined General Meeting held on 29 October 2020 approved the nominations of Caisse de Dépôt et Placement du Québec (represented by Ms Kim Thomassin) and of Mr Serge Godin, subject to the actual completion of the acquisition of all of the entities belonging to Bombardier Inc.'s transportation division (Bombardier Transportation) and effective on the date such condition precedent was satisfied. In practical terms, Caisse de Dépôt et Placement du Québec (represented by Kim Thomassin) and Mr Serge Godin, took office on 29 January 2021;
- Mr Daniel Garcia Molina and Mr Gilles Guilbon, Directors representing the employees within the meaning of Article L. 225-27-1 of the French Commercial Code, took office on 1 January 2021;
- Mr Olivier Bouygues resigned on 25 March 2021 with effect on such date.

In addition, and in accordance with the agreements entered into in the context of the acquisition of Bombardier Transportation, the Board of Directors now has one Censor (*censeur*), Mr Benoît Raillard, whom the Board of Directors appointed on 26 January 2021 upon the proposal of Caisse de Dépôt et Placement du Québec, with effect on 29 January 2021, the date the acquisition closed.

In accordance with Article 9 of the Company's Articles of Association, Mr Benoît Raillard, Censor, participates in meetings of the Board of Directors in an advisory capacity.

The following table reflects the composition of the Board of Directors and of its Committees as of 10 May 2021:

Name	Sex	Age	Nationality	Number of Alstom shares held	Independent Director	Committee membership				Beginning of first directorship	End of current directorship	Years on the Board ⁽³⁾
						Audit	N&R ⁽¹⁾	E&C ⁽²⁾	Integration			
Mr Henri Poupart-Lafarge, <i>Chairman of the Board of Directors and Chief Executive Officer</i>	M	52	French	138,260						2015	2023	6
Mr Yann Delabrière <i>Lead Independent Director</i>	M	70	French	3,100	√		Chair			2017	2024	4
Bouygues SA	-	-		11,581,441				√		2008	2022	13
<i>Bouygues SA represented by Mr Pascal Grangé</i>	M	60	French	135								
Caisse de Dépôt et Placement du Québec	-	-		64,893,536		√			√	2020	2024	5 months
<i>CDPO represented by Ms Kim Thomassin</i>	F	49	Canadian	-								
Ms Bi Yong Chungunco	F	58	Filipino	2,000	√			√		2014	2022	7
Ms Clotilde Delbos	F	53	French	2,600	√	√				2018	2022	3
Mr Daniel Garcia Molina <i>Director representing the employees</i>	M	49	Spanish	30	-					2021	2025	6 months
Mr Serge Godin	M	71	Canadian	25	√				√	2020	2024	5 months
Mr Gilles Guilbon <i>Director representing the employees</i>	M	57	French	172	-					2021	2025	6 months
Ms Sylvie Kandé de Beaupuy	F	64	French and Senegalese	2,000	√			Chair		2017	2023	4
Mr Frank Mastiaux	M	57	German	856	√		√		Chair	2020	2024	1
Mr Baudouin Prot	M	69	French	2,600	√		√	√		2018	2022	3
Ms Sylvie Rucar	F	64	French	2,201	√	Chair	√			2015	2023	6
	55% M / 45% F ⁽⁴⁾	Average: 59.4 years	-	76,628,956	72% independent ⁽⁴⁾	66.6% independent	100% independent	100% independent	50% independent			Average: 3.8 years
Mr Benoît Raillard <i>Censor</i>	M	56	French	-	-					2021	2024	

(1) Nominations and Remuneration Committee.

(2) Ethics & Compliance Committee.

(3) On the date of the 2021 AGM.

(4) The Directors representing the employees are not taken into account for calculation of these percentages.

The situation will be the same at the end of the 2021 General Meeting, as no directorship is expiring and no nomination is proposed for a shareholders' vote.

Changes in the composition of the Board of Directors and Committees during the 2020/21 fiscal year

Situation at 10 May 2021

	Annual General Meeting held on 8 July 2020	Combined General Meeting held on 29 October 2020	29 October 2020-10 May 2021
Departure: End of Term (E), Resignation (R), or Replacement of Permanent Representative (RPR)	Mr Gérard Hauser (E)		Mr Olivier Bouygues (R) ⁽³⁾
Renewal of Directorship	Mr Yann Delabrière ⁽³⁾		
Ratification (RT)/Appointment (A)	Mr Frank Mastiaux (A) ⁽²⁾	CDPQ, represented by Ms Kim Thomassin (A) ⁽²⁾ Mr Serge Godin (A) ⁽¹⁾⁽²⁾	Mr Daniel Garcia Molina (A) ⁽⁴⁾ Mr Gilles Guilbon (A) ⁽⁴⁾

- (1) Independent Director.
(2) Took office on 29 January 2021.
(3) Resigned on 25 March 2021.
(4) Took office on 1 January 2021.

In light of the changes described above, the composition of the following Committees changed as follows:

	Situation after the Annual General Meeting held on 8 July 2020	At 29 January 2021 (date the acquisition of Bombardier Transportation was completed)
AUDIT COMMITTEE		
Chair	Ms Sylvie Rucar ^(*)	Ms Sylvie Rucar ^(*)
Members	Ms Clotilde Delbos ^(*) Bouygues SA (represented by Mr Pascal Grangé)	Ms Clotilde Delbos ^(*) CDPQ (represented by Ms Kim Thomassin)
NOMINATIONS AND REMUNERATION COMMITTEE		
Chair	Mr Yann Delabrière ^(*)	Situation unchanged
Members	Ms Sylvie Rucar ^(*) Mr Frank Mastiaux ^(*) Mr Baudouin Prot ^(*)	Situation unchanged
ETHICS AND COMPLIANCE COMMITTEE		
Chair	Ms Sylvie Kandé de Beaupuy ^(*)	Situation unchanged
Members	Ms Bi Yong Chungunco ^(*) Mr Baudouin Prot ^(*)	Situation unchanged
INTEGRATION COMMITTEE		
Chair	–	Mr Frank Mastiaux ^(*)
Members	–	Bouygues SA, represented by Mr Pascal Grangé CDPQ, represented by Ms Kim Thomassin Mr Serge Godin ^(*)

- (*) Independent Director.

GENERAL MANAGEMENT

Combination of the duties of Chairman and Chief Executive Officer

In order to provide additional guarantees on the existence of a well-balanced and controlled system of corporate governance, in 2014, the Board of Directors chose to appoint a Lead Independent Director when the duties of Chairman of the Board of Directors and Chief Executive Officer are combined.

At its meeting held on 28 January 2016, the Board of Directors decided to keep the functions of Chairman and Chief Executive Officer combined as one and appointed Mr Henri Poupart-Lafarge as the Company's Chairman and Chief Executive Officer. After analysing and assessing the workings of the Board of Directors during the 2018/19 fiscal year and on the Nominations and Remuneration Committee's recommendation, the Board of Directors, in its meeting held on 6 May 2019, confirmed, in the context of the renewal of Mr Henri Poupart-Lafarge's directorship this combination of functions. During the most recent exercise of evaluating the functioning of the Board of Directors carried out in respect of the 2020/21 fiscal year, as in the previous evaluation exercises, the Directors reiterated that Mr Henri Poupart-Lafarge was able to achieve a satisfactory balance between his two functions:

- as Chairman, by creating the conditions for free and transparent expression during meetings of the Board of Directors, by facilitating exchanges between the Directors, by ensuring consensus within the Board during decision making and by setting an agenda in consultation with the Lead Independent Director that allowed the Board of Directors to address all regulatory matters, matters of interest and relevant issues. In this regard, the inclusion of corporate responsibility matters in the broad sense on the Board's agenda (sustainable development, environment, human resources policy) was notably highlighted by the Directors, who had specifically expressed the desire during the 2019/20 evaluation exercise to have increased visibility on these subjects;
- as Chief Executive Officer, due to his in-depth knowledge and full control of the Group's activities, strategy and implementation issues and thanks to his managerial qualities, competencies that were unanimously praised in the context of the implementation of the strategy and in a health crisis unprecedented for the Group.

The Directors thus unanimously expressed their satisfaction and confidence in the current governance structure, which furthermore appeared particularly well-suited in the context of the integration of Bombardier Transportation and the implementation of a new Leadership Team, which requires stability and visibility.

In practical terms, and as indicated above, each year, at the time of the evaluation of the functioning of the Board of Directors and its Committees, the Directors are invited to provide their views on this subject. The executive sessions, a practice that was reinforced over the past fiscal year, are also an opportunity for the Directors to express their opinions on the effectiveness of the Company's governance.

In addition to recognising Mr Henri Poupart-Lafarge's very positive track record, the Board of Directors also reiterated its position due to the existence of a solid balance of powers, as described below, including the appointment of a Lead Independent Director with specific powers and responsibilities.

In this regard, the evaluation of the 2020/21 fiscal year once again highlighted the effectiveness of the role played by Mr Yann Delabrière, the current Lead Independent Director, both as Lead Independent Director and as Chair of the Nominations and Remunerations Committee, as well as the professionalism and solidity of his relationship with Mr Henri Poupart-Lafarge.

Mr Yann Delabrière is thus viewed as being extremely committed in his role of Lead Independent Director, having an accurate understanding of the Group and its priorities and continuously interacting with the Chairman and Chief Executive Officer.

Balance of powers

Governance mechanisms

Various factors contribute to well-balanced, controlled and effective corporate governance, including:

- the Board of Directors' constant and continuous involvement in implementing the strategy. Thus, in the context of the acquisition of Bombardier Transportation (and as was the case in the proposed merger with Siemens), an *ad hoc* Committee was put in place, bringing together the Lead Independent Director, the Audit Committee members and the Chairman & Chief Executive Officer with the objective of examining and monitoring the negotiation process. Also, the Board was specially convened on four occasions to discuss an agenda dedicated to this transaction;
- a significant proportion of independent Directors sitting on the Board of Directors and the Committees; from the outset, the Chairs of the Committees have been entrusted to independent Directors. The Chair of the Integration Committee, which was newly created this past fiscal year, was entrusted to Mr Franck Mastiaux. In this regard, while the Chairman & Chief Executive Officer participated in all of the Integration Committee's meetings and in meetings of other Committees (including, the Nominations & Remuneration Committee), he is not a member of any of the Board's Committees;
- information on the Group's activities and any significant events is provided to the Board of Directors on a regular basis, including outside the context of Board of Directors meetings;
- the interactions now established between the Board of Directors and members of the Leadership Team and the functional/operational heads of key functions within the Group, notably in the context of their participation in and presentations given at Board of Directors and Committee meetings and during site/project visits on an annual basis;
- continual review of corporate governance practices and of the operation of both the Board of Directors and the Committees, which allows areas for improvement and priorities to be regularly identified and the implementation of recommendations to be assessed:
 - annual evaluation exercise carried out internally or, every three years, entrusted to an external consultant,
 - meetings led by the Lead Independent Director with Directors who are external to the Company ("executive sessions") which are notably intended to assess the CEO's performance but also to evaluate the effectiveness of the governance,
 - regular examination of the internal rules of the Board and of its Committees, as the case may be, so as to reflect any regulatory changes but also to take into account developments in governance;

- the availability of CEO and of the Lead Independent Director to discuss key subjects regarding the Company's corporate governance and sustainable development broadly speaking with institutional investors, proxy advisors and shareholders outside the context of the Annual General Meeting;
- the recent appointment of a Chief Operating Officer who supports the CEO with respect to operating issues, including issues tied to the integration of Bombardier Transportation, and who participates in all Board meetings.

Limitations on the Chief Executive Officer's authority imposed by the Board of Directors

The restrictions on the Chairman and Chief Executive Officer's powers imposed by the Board are set forth in the Board's internal rules, which provide that the Board of Directors' prior approval is required for:

- any transaction that is not part of the Group's announced strategy or that could significantly affect that strategy;
- any transaction that could materially modify the Group's financial structure or results;
- any single acquisition or divestiture in excess of €80 million, any partnership where the Group's contribution exceeds €80 million, and any financing transaction that exceeds €400 million as regards new medium- or long-term borrowings or €1 billion for short-term treasury bills;
- organic growth investments of an amount higher than €80 million and significant internal restructurings in connection with, in particular, the annual review of the Group's budget and strategy.

For acquisitions and divestitures, the amount to be taken in consideration is the enterprise value, regardless of the payment terms (immediate or deferred, cash or in shares, etc.). For business partnerships and company formations, the amount to be taken into consideration is the amount of the Group's financial commitment (contribution to the share capital or shareholder loans, exposure to external financings, etc.).

The internal rules also require the Board of Directors to review and approve the annual budget and the medium-term plan.

Lead Independent Director

Since 2014, when the duties of Chairman and Chief Executive Officer are combined, the Board of Directors must, in accordance with its internal rules, appoint a Lead Independent Director whose main responsibility is to ensure that the Company's corporate governance bodies function properly. The Lead Independent Director is appointed for a two-year term, which cannot exceed his/her term of office as a Director. He/she is eligible for reappointment and the Board of Directors may terminate the Lead Independent Director's functions at any time.

Conditions and terms of the exercise of the duties of Lead Independent Director

The internal rules set the following terms applicable to the role of Lead Independent Director (Article 6 of the Board of Directors' internal rules):

Functioning of the Board of Directors and of the Committees of the Board of Directors

- The Chairman of the Board of Directors consults with the Lead Independent Director regarding the matters on Board meeting agendas and can recommend including additional matters on to the agenda.

- The Lead Independent Director can approach the Chairman of the Board of Directors and request that a meeting of the Board of Directors be convened to discuss a predefined agenda.
- The Lead Independent Director ensures that the internal rules are applied when the meetings of the Board of Directors are prepared and held, and also ensures that the Directors and the Censor comply with such Internal Rules.
- The Lead Independent Director makes sure that the Directors and Censor are able to exercise their duties under the best possible conditions and, in particular, that they can rely on a high level of information prior to the Board meetings.
- The Lead Independent Director can, at his/her own initiative, call for and preside over meetings of Directors who do not exercise executive or salaried functions within the Group (non-executive Directors).
- The Lead Independent Director can be the Chairman of the Nominations and Remuneration Committee. As such, he/she is responsible for, in particular, managing the succession plan for executive Directors, selecting new Directors and Censor, and for securing the balance with respect to the composition of the Board of Directors and the Committees.
- The Lead Independent Director can attend any of the meetings of any Committee of which he or she is not a member and has access to the work completed by such Committees and to the information made available to them.

Relations with Directors

- The Lead Independent Director maintains a regular dialogue with Directors and the Censor and is, if need be, their spokesperson vis-à-vis the Chairman of the Board.

Conflicts of interest

- The Lead Independent Director plays a preventive role to raise the awareness of all Directors / Censor with respect to conflicts of interest.
- Together with the Chairman of the Board, he/she reviews situations that could potentially trigger conflicts of interest.

Relations with shareholders

- The Lead Independent Director is kept abreast of any comments and suggestions submitted by shareholders in relation to governance and the remuneration of corporate officers. He/she ensures that their questions are answered, makes himself or herself available to communicate with such shareholders at the request of the Chairman of the Board and keeps the Board of Directors apprised of these communications.

The Lead Independent Director reports annually to the Board of Directors and to the Shareholders' Meeting regarding his/her work.

The Secretariat of the Board of Directors makes itself available to assist to the Lead Independent Director carry out his/her missions.

Assessment of the Lead Independent Director's activities over the 2020/21 fiscal year

Since 4 July 2017, the Board of Directors has decided to assign the function of Lead Independent Director (duration of this function being two years) and the Chairmanship of the Nominations and Remuneration Committee to Mr Yann Delabrière, an independent Director.

Mr Yann Delabrière, who had been reappointed as Lead Independent Director starting at the end of the General Meeting held on 10 July 2019, for a new term of two years, reported on his activity over 2020/21 fiscal year to the 10 May 2021 Board of Directors.

In view of this activity assessment as described below, the Board of Directors meeting held on 10 May 2021 decided to renew Mr Yann Delabrière's appointment as Lead Independent Director for a new two-year period commencing from the 2021 General meeting up until the 2023 General Meeting.

During the 2020/21 fiscal year:

- The Lead Independent Director regularly discussed with the Chairman & Chief Executive Officer main topics related to the evolution of business, competing environment and strategy. He prepared with him the Board of Directors' annual work plan and, especially within the framework of the preparation of Board meetings, he reviewed all the important subjects presented or decided at those meetings;
- The Lead Independent Director made himself available to Directors and maintained regular and open dialogue with those Directors wishing to speak with him. In particular, he supervised the annual Board and Committee evaluation exercise which was conducted on the basis of an internal questionnaire and he met with each Director individually;
- The Lead Independent Director presided over the meetings with non-executive Directors (executive sessions) and defined and rolled out the new meeting format agreed on at the end of the 2019/20 evaluation exercise. These meetings are not only intended to examine the Chairman & Chief Executive Officer's compensation in light of his performance but are also used to review the effectiveness of the corporate governance;
- Within the framework of the acquisition of Bombardier Transportation, the Lead Independent Director sat, together with members of the Audit Committee and the Chairman and Chief Executive Officer, in an *ad hoc* Committee specifically set up for reviewing this project in depth and which met all through the acquisition process. Furthermore, in the context of Bombardier Transportation's integration, the Lead Independent Director regularly discussed the formation of the new Leadership Team with the Chairman & Chief Executive Officer and remains closely involved and consulted with regarding the Leadership Team's composition and evolution and the related talent pool;

- As Chair of the Nominations and Remuneration Committee, the Lead Independent Director led the discussions on the composition of the Board of Directors and the Committees. In particular, he steered the selection process that led the Committee to propose to the Board that Mr Frank Mastiaux's candidacy to become a new Director be approved at the 2020 Annual General Meeting. He also monitored the internal process that led to the appointment of two Directors representing the employees who took office on 1 January 2021, met with each of them individually, and monitored their integration programme. In the context of the acquisition of Bombardier Transportation, he took contact with Caisse de Dépôt et Placement du Québec to review the profiles of the prospective Board members (who were appointed by the 29 October 2020 GM) and Censor, took direct contact with each of them and followed their induction program;
- The Lead Independent Director discussed governance issues and, more generally, social responsibility and sustainable development issues, with certain investors and proxy advisors in view of the July and October 2020 General Meetings but also outside the context of such meetings. The Lead Independent Director, who is regularly called upon, makes himself available to investors and proxy advisors throughout the year in order to maintain high-quality dialogue with shareholders. Thus, over 15 meetings were organized during the past fiscal year;
- The Lead Independent Director conducted site visits which enabled him to enhance his knowledge about the Group's activities and to exchange with Group employees.

INFORMATION REGARDING MEMBERS OF THE BOARD OF DIRECTORS

Diversity policy

Components of the diversity policy and nominations process

The composition of the Company's Board of Directors is defined in a way that enables it to fully accomplish all its missions (for example, in terms of competences in the field of strategy, financial topics and financial statements review, risk control, ethics and compliance, social and environmental issues, governance or compensation).

In order to achieve this goal, the Board of Directors ensures:

- that its members have complementary skills which are assessed on the basis of each member's educational background and experience in particular, with complementarity being reflected in a skills matrix;
- diversity assessed personally, based on several criteria that respond to regulatory requirements as appropriate:
 - nationality and/or international profile,
 - age,
 - gender,
 - compliance with rules regarding holding multiple offices,
 - independence,
 - seniority on the Board of Directors,
 - representation of a shareholder/employees.

This process leading to the nomination of Directors differs according to the category to which the Directors belong.

Independent Directors are subject to a true selection process that is clearly defined and spearheaded by the Lead Independent Director and the Nominations and Remuneration Committee and entrusted to a specialised external firm. This process is based on the skills matrix and thus makes it possible to identify any needs for expertise and, consequently, direct the selection of profiles that could enrich the Board's work in the case of future appointments.

The Board of Directors reviews all other categories of Directors (Directors representing the shareholders, Directors representing the employees).

In general, the Board assures itself of each Director's ability to adhere to the Board's culture so that each new Director naturally becomes part of the Board. Thus, in addition to meeting with the Lead Independent Director and the Chairman & Chief Executive Officer, all the selected candidates, regardless of the Director category to which they belong, meet with each of the members of the Nominations and Remuneration Committee.

In addition, an integration program is implemented when a new Director arrives, allowing the new Director to meet the Group's principal operational and functional Directors, attend site visits and exchange with employees.

Implementation of the diversity policy and results over the past fiscal year

Over the past fiscal year, the implementation of this diversity policy led in particular to the nomination of Mr Frank Mastiaux by the General Meeting held on 8 July 2020.

Upon the recommendation of the Nominations and Remuneration Committee, the Board of Directors meeting held on 10 March 2020 had noted the following factors:

- Mr Frank Mastiaux, Chief Executive of EnBW, spearheaded the transformation of that company – which was initially dedicated to traditional energies (coal and nuclear) – into a company where renewable energies (solar and wind power) are now the main business. Mr Frank Mastiaux is also committed to new technologies aimed at addressing, among other things, the needs of smart cities and electric mobility solutions. He therefore has solid executive experience in the area of sustainable development;
- Mr Frank Mastiaux, who is German, has an international profile. A large part of his professional career was spent abroad, in Great Britain and in the United States. He notably held various positions at BP.

Mr Frank Mastiaux's background was therefore considered to be strongly in line with the needs and culture of the Board and his candidacy was therefore proposed for a vote at the General Meeting held on 8 July 2020, which approved it by more than 99%.

In addition, the Nominations and Remuneration Committee reviewed the profiles of the Directors representing the employees appointed in accordance with article 9-A of the Company's Articles of Association on the basis of Article L. 225-27-1 of the French Commercial Code:

- Mr Daniel Garcia Molina, appointed by the European Works Council (which is called the European Works Forum within the Alstom Group);
- Mr Gilles Guilbon, appointed by the Group France Committee ("*Comité de Groupe France*").

Both of them took office on 1 January 2021.

The Nominations and Remuneration Committee also reviewed the profiles, competencies and independence of the Directors proposed by Caisse de Dépôt et Placement du Québec and submitted to the vote of the 29 October 2020 General Meeting in the framework of the acquisition of Bombardier Transportation. The Committee also examined the background and competencies of the Censor proposed by Caisse de Dépôt et Placement du Québec, whose appointment was approved by the Board of Directors' meeting held on 26 January 2021.

Skills matrix

The below matrix illustrates the diverse expertise of members of the Board of Directors as of 10 May 2021.

	Transportation industry/ Experience with Alstom's trades	Equipment suppliers	Management of large companies (turnover \geq €7 billion)	Finance/ Management/ Risk Management	Legal/ M&A	Ethics and compliance	Human resources management	Social and environmental responsibility/ Sustainable development	Digital/Digital transformation and cybersecurity	International experience
Mr Henri Poupart-Lafarge	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr Yann Delabrière	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms Bi Yong Chungunco			✓		✓	✓				✓
Ms Clotilde Delbos	✓		✓	✓	✓	✓	✓			✓
Mr Daniel Garcia Molina	✓			✓			✓	✓		✓
Mr Serge Godin			✓	✓	✓	✓	✓	✓	✓	✓
Mr Gilles Guilbon	✓			✓			✓	✓		✓
Mr Pascal Grangé (permanent representative of Bouygues SA)			✓	✓	✓	✓		✓	✓	✓
Ms Sylvie Kandé de Beaupuy	✓		✓		✓	✓	✓			✓
Mr Frank Mastiaux	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr Baudouin Prot			✓	✓	✓	✓	✓	✓		✓
Mr Benoît Raillard		✓		✓	✓		✓		✓	✓
Ms Sylvie Rucar	✓		✓	✓	✓	✓		✓		✓
Ms Kim Thomassin (permanent representative of CDPQ)	✓		✓	✓	✓	✓	✓	✓		✓

The diversity of the Board of Directors assessed on the basis of more personal information is discussed below.

Directorships and duties exercised by the Directors and the Censor

This section was prepared using the information provided by the Directors and the Censor in response to the annual questionnaire sent to them by the Company, which is notably intended to collect/update information about each Director and Censor in view of preparing the Universal Registration Document and to gather information that will be used to assess the independence of corporate officers by the Board of Directors upon the proposal of the Nominations and Remuneration Committee.

The following information is up to date as at 10 May 2021:

➤ Mr Henri Poupart-Lafarge

Age: 52.

Nationality: French.

Professional address: Alstom – 48, rue Albert-Dhalenne – 93400 Saint-Ouen-sur-Seine (France).

Principal duties: Chairman and Chief Executive Officer of Alstom.

First appointment: 30 June 2015 – 10 July 2019.

Expiration of current appointment: GM held in 2023 and called to vote on the financial statements for the year ending 31 March 2023.

Holds 138,260 shares.

Other current directorships and positions:

In France:

Within the Alstom Group:

- President of Alstom Foundation since 10 September 2015

Outside the Alstom Group:

-

Abroad:

-

Past directorships and positions (held over the past five years):

In France:

Outside the Alstom Group:

- Director of Vallourec^(*) (2014 to 2018)

Within the Alstom Group:

-

Abroad:

Outside the Alstom Group:

- Director of Transmashholding (Russia) from 2012 to 2019

Biography:

Mr Henri Poupart-Lafarge is a graduate of *École polytechnique*, the *École nationale des ponts et chaussées* and the Massachusetts Institute of Technology (MIT). He started his career in 1992 at the World Bank in Washington, D.C. before joining the French Ministry of Economy and Finance in 1994. Mr Henri Poupart-Lafarge joined Alstom in 1998 as Head of Investor Relations and Head of Management Control. In 2000, he became Senior Vice-President of Finance of Alstom's Transmission and Distribution division, which was sold in 2004. From 2004 to 2010, Mr Henri Poupart-Lafarge was Chief Financial Officer of the Alstom Group, President of Alstom's Grid division from 2010 to 2011 and President of Alstom's Transport division from 4 July 2011 until he was appointed as Alstom's Chairman and Chief Executive Officer. Mr Henri Poupart-Lafarge has been the Chairman and Chief Executive Officer of Alstom since 1 February 2016.

➤ Mr Yann Delabrière

Age: 70.

Nationality: French.

Professional address: Idemia – 2, place Samuel-de-Champlain – 92400, Courbevoie (France).

Principal duties: Chairman of the Supervisory Board of Idemia Group.

First term: 17 March 2017 – 8 July 2020.

Expiration of current appointment: GM held in 2024 and called to vote on the accounts for the fiscal year ending 31 March 2024.

Independent Director.

Lead Independent Director.

Chairman of the Nominations and Remuneration Committee.

Holds 3,100 shares (as well as 1,000 shares through the company MM Consulting).

Other current directorships and positions:

In France:

- Chairman of the Board of Directors of Idemia France (Idemia group) since 1 July 2020
- President of MM Consulting SAS (France) since October 2016

Abroad:

- Member of the Supervisory Board of STMicroelectronics^(*) (Netherlands) since May 2020
- Director of Leddartech (Canada) since February 2021

(*) Listed company.

Past directorships and positions (held in the past five years):

In France:

- Chairman of the Management Board of Idemia from October 2018 to June 2020
- Chairman of Idemia Identity & Security France from October 2018 to July 2020
- President of Galaxy Manco from October 2018 to July 2020
- Chairman of the Management Board of Zodiac Aerospace (*) from June 2017 to February 2018
- Chairman and Chief Executive Officer of Faurecia (*) from February 2007 to July 2016, then Chairman of the Board of Directors from July 2016 to May 2017
- Director of Capgemini SE (*) from May 2004 to May 2018
- Director of Société Générale (*) from May 2012 to May 2016

Abroad:

–

Biography:

Mr Yann Delabrière, Chairman of the Supervisory Board of Idemia Group, is a graduate in mathematics of the *École normale supérieure* and of the *École nationale d'administration*. He began his career at the French *Cour des comptes* before working in the cabinet office of the Foreign Trade Ministry. He then became the Chief Financial Officer of Coface and then of the Printemps Group. In 1990, he joined PSA as Chief Financial Officer and he became a member of its Executive Committee in 1998. Mr Yann Delabrière was appointed Chairman and Chief Executive Officer of Faurecia from 2007 until July 2016 and remained Chairman of its Board until May 2017. He was then appointed Chairman of the Management Board of Zodiac Aerospace, a position he held from June 2017 until February 2018. He then became the Chairman of the Supervisory Board of Idemia Group and then Chairman of the Management Board from October 2018 to July 2020, the date since which he once again took up the role of Chairman of the Supervisory Board. He is also a Director of STMicroelectronics and of Leddartech, and a former Director of Cap Gemini SE and Société Générale.

➤ Bouygues SA, represented by Mr Pascal Grangé

Mr Pascal Grangé

Age: 60.

Nationality: French.

Professional address: Bouygues SA – 32, avenue Hoche – 75378 Paris Cedex 08 (France).

Principal duties: Deputy Chief Executive Officer, Group Finance Director of Bouygues SA (*).

Permanent representative of Bouygues SA (*) since 19 February 2020. Mr Pascal Grangé holds 135 shares.

Bouygues SA

Limited company with a share capital of €380,759,842

Registered office: 32, avenue Hoche – 75378 Paris Cedex 08 (France).

First term of Bouygues SA: 18 March 2008 – 22 June 2010.

Expiration of current appointment: GM held in 2022 and called to vote on the financial statements for the fiscal year ended 31 March 2022.

Member of the Integration Committee.

Bouygues SA holds 11,581,441 shares.

Directorships and positions of Mr Pascal Grangé in his capacity as permanent representative of the Director Bouygues SA (*):

In France:

- Permanent representative of Bouygues SA (*), Director of Bouygues Construction, since February 2020
- Permanent representative of Bouygues SA (*), Director of TF1 (*), since February 2020
- Permanent representative of Bouygues SA (*), Director of Colas (*), since February 2020
- Permanent representative of Bouygues SA (*), Director of Bouygues Immobilier, since February 2020
- Permanent representative of Bouygues SA (*), Director of Bouygues Telecom, since February 2020

Abroad:

–

Other directorships and positions of Mr Pascal Grangé within the Bouygues Group:

In France:

–

Abroad:

- Director of Bouygues Europe (Belgium) since April 2020
- Director of Uniservice (Switzerland) since March 2020

Past directorships and positions of Mr Pascal Grangé (held in the past five years) within the Bouygues Group:

In France:

- Vice Chief Executive Officer of Bouygues Construction, from 27 August 2008 to 30 September 2019
- Director of Bouygues Construction, from 27 February 2012 to 18 February 2020
- Chairman of Challenger Investissement, from 18 July 2008 to 30 September 2019
- Co-Manager of Challenger SNC France, from 14 December 2010 to 30 September 2019
- Manager of Bouygues Construction IT, from 6 December 2013 to 30 September 2019
- Director of Bouygues Bâtiment International, from 24 November 2014 to 2 February 2016
- Director of DTP, from 28 November 2014 to 2 February 2016
- Director of Bouygues Travaux Publics, from 2 December 2015 to 2 February 2016
- Director of Bouygues Bâtiment Île-de-France, from 2 December 2015 to 2 February 2016
- Director of LinkCity, from 2 December 2015 to 2 February 2016

(*) Listed company.

Abroad:

- Member of the Supervisory Board of Kraftanlagen München GmbH (Germany), from 31 July 2018 to 30 September 2019
- Director of Bouygues E&S InTec AG (Switzerland), from 31 July 2018 to 30 September 2019
- Director of VSL International Ltd (Switzerland), from 1 April 2009 to 30 September 2019
- Director of Losinger Holding SA (Switzerland), from 17 March 2005 to 30 September 2019
- Director of Losinger Marazzi SA (Switzerland), from 19 April 2011 to 30 September 2019
- President of Bouygues Europe (Belgium) from 17 December 2020 to 6 April 2021

Expired directorships and positions of Mr Pascal Grangé (held in the past five years) outside the Bouygues group:

In France:

- Director of Consortium Stade de France, from 29 September 2008 to 19 November 2019

Abroad:

- Co-Manager of Parcolog (Luxembourg), from 18 October 2004 to 8 December 2016

Other current directorships and positions of Bouygues SA within the Bouygues group:

In France:

- Director of Bouygues Construction since 21 April 2005
- Director of TF1^(*) since 20 February 2008
- Director of Colas^(*) since 19 April 2005
- Director of Bouygues Immobilier since 9 December 2016
- Director of Bouygues Telecom since 25 February 2008
- Director of 32 Hoche since 26 April 2006
- Director of GIE Intrapreneuriat Bouygues since 10 May 2019

Abroad:

-

➤ Caisse de Dépôt et Placement du Québec, represented by Ms Kim Thomassin

Ms Kim Thomassin

Age: 49.

Nationality: Canadian.

Professional address: 1000 place Jean-Paul Riopelle, Montréal (Quebec), HBZ 2B3, Canada.

Principal duties: Executive Vice-President and Head of Investments in Quebec and Stewardship Investing at Caisse de Dépôt et Placement du Québec.

CDPQ

Not-for-profit company.

Headquarters: 1000 place Jean-Paul Riopelle, Montréal (Quebec), HBZ 2B3, Canada.

Permanent representative of CDPQ since 29 October 2020, effective 29 January 2021.

No Alstom shares held.

Date of CDPQ's first appointment: 29 October 2020, effective 29 January 2021.

Expiration of current appointment: GM held in 2024 and called to vote on the financial statements for the fiscal year ending 31 March 2024.

Member of the Audit Committee.

Member of the Integration Committee.

CDPQ holds 64,893,536 shares.

Other current directorships and positions of Ms Kim Thomassin:

In France:

-

Other current directorships and positions of Bouygues SA outside the Bouygues group:

In France:

- Member of the Board of Directors of the organisation managing the Gustave-Eiffel Centre since 28 March 2001
- Member of the Board of Directors of GIE Registrar since 31 January 2011

Abroad:

-

Past directorships and positions of Bouygues SA (carried out in the last five years):

In France:

- Director of C2S (Bouygues group) from 2010 to 2017
- Director of Fondations Dauphines from 2008 to 2016

Abroad:

-

Biography:

Mr Pascal Grangé joined the Bouygues group in 1986. He is the Finance Director and General Secretary of several Group subsidiaries, Dredging and Public Works, SCREG and SAUR in particular.

In 2003, he joined Bouygues Construction as General Secretary before being promoted to Deputy CEO in 2008.

In October 2019, he was named Deputy CEO and Chief Financial Officer of the Bouygues group. On 17 February 2021, he became Deputy CEO of Bouygues SA and continues to run the Finance Department.

(*) Listed company.

Past directorships and positions of Ms Kim Thomassin (carried out in the last five years):

In France:

-

Abroad:

- Member of the Board of Directors of Ceres (Canada) until February 2021
- Member of the Board of Directors of Cirque du Soleil (Canada) until November 2020
- Member of the Board of Directors of Attraction Media (Canada) until April 2020
- Member of the Board of Directors of Bombardier Transport (Canada) until March 2018
- Member of the Board of Directors of CCMM (Chamber of Commerce of Metropolitan Montreal) (Canada) until May 2019
- Member of the Board of Directors of McCarthy Tétrault (Canada) until January 2017
- National Client Leader and Managing Partner, Québec Region, McCarthy Tétrault (Canada) until January 2017
- Executive Vice-President, Legal Affairs and Secretariat, Caisse de Dépôt et Placement du Québec (Canada) until April 2020

Current directorships and positions of CDPQ:

In France:

-

Abroad:

-

Past directorships and positions of CDPQ (carried out in the last five years):

In France:

- Member of the Board of Directors of Elior Group (*) (France) until April 2020

Abroad:

-

Biography:

Ms Kim Thomassin has been Executive Vice-President and Head of Investments in Québec and Stewardship Investing in Caisse de Dépôt et Placement du Québec since April 2020. She leads the teams responsible

for investments in Québec, post-investment management and Espace CDPQ. She also oversees the Stewardship Investing team, whose mandate is to factor ESG criteria into CDPQ's investment activities and to deploy its investment strategy to address climate change. She is a member of the Executive Committee and the Investment-Risk Committee, and sits on the Board of Ivanhoé Cambridge, CDPQ's global real estate subsidiary.

Prior to her nomination, Ms Thomassin held the role of Executive Vice-President, Legal Affairs and Secretariat. As such, she led the Legal Affairs, Secretariat, Compliance and Stewardship Investing teams.

Before joining CDPQ in 2017, Ms Thomassin was National Client Leader and Managing Partner for the Québec Region at McCarthy Tétrault. As a member of the leadership team, she contributed to the firm's regional and national management while strengthening its national presence. In her 17 years at the firm, she held various important positions and specialized in project finance and acquisition transactions in the energy and infrastructure sectors. She has been involved in several transactions related to large-scale Canadian and international projects. She has also represented public institutions and developers in connection with public-private partnerships.

Ms Thomassin received a B.C.L./LL. B. from Université Laval and a minor in psychology at McGill University. She also studied at the University of Western Ontario's Faculty of Law. Ms Thomassin is a member of the Québec Bar.

In addition to being a member of Alstom's Board of Directors, Ms Kim Thomassin is Co-President of the Montreal Children's Hospital Foundation campaign cabinet. She is also one of four members of the expert panel established by the Canadian federal government to consult with the Canadian business community regarding sustainable finance matters.

In 2019, she was named GC Influencer by Chambers GC Influencers Global 100, a distinction that recognizes leadership and contributions of general counsels around the world.

In 2016, she received a Medal from the Quebec National Assembly in recognition of her career and her commitment to the advancement of women's issues. Her leadership was also recognized through various distinctions, including the Christine-Tourigny Award, the Advocatus Emeritus distinction from the Quebec Bar and the Lexpert Zenith Award as a lead attorney. In 2012, she was named by the Women's Executive Network (WXN) as among the Top 100 most powerful women in Canada.

Ms Bi Yong Chungunco

Age: 58.

Nationality: Filipino.

Professional address: Luzon International Premiere Airport Development Corporation – Civil Aviation Complex – Andres Bonifacio Avenue – Clark Freeport Zone – Pampanga 2023 – Philippines.

Principal duties: Chief Executive Officer of Luzon International Premiere Airport Development Corporation.

First appointment: 1 July 2014 – 17 July 2018.

Expiration of current appointment: GM held in 2022 and called to approve the financial statements for the fiscal year ending 31 March 2022.

Independent Director.

Member of the Ethics & Compliance Committee.

Holds 2,000 shares.

Other current directorships and positions:

In France:

-

Abroad:

-

(*) Listed company.

Past directorships and positions (held during the past five years):

In France:

-

Abroad:

- Head of Divestment of LafargeHolcim Group – Holcim Technology Singapore Pte Ltd (Singapore) until 2017
- Head of Lafarge China Cement Ltd until 2017
- Director of the South East Asia Zone (West), LafargeHolcim Group – Holcim Technology Singapore Pte Ltd (Singapore) until 2016
- Director of Lafarge Malaysia Sdn Bhd (*) (Malaysia) until 2017
- Director of Sichuan Shuangma Cement Ltd (*) (China) until 2017
- Director of Lafarge Surma Cement Ltd (*) (Bangladesh) until 2017

Biography:

Ms Bi Yong Chungunco is currently the Chief Executive Officer of Luzon International Premiere Airport Development Corporation, the consortium that was awarded the operations and maintenance of Clark International Airport (Philippines) and Clark Civil Aviation Complex.

Until August 2017, Ms Chungunco was the Head of the Divestments of LafargeHolcim group, focusing mainly on the Asia Pacific region, and concurrently, Head of Lafarge China.

From July 2015 to March 2016, she was the Area Manager, South East Asia (West) of LafargeHolcim group, and oversaw operations in Malaysia, Singapore, Bangladesh, Sri Lanka, and Myanmar. She also served as the Corporate Secretary of Lafarge SA Prior to this, she was the Senior Vice President, Group General Counsel and Corporate Secretary of Lafarge SA based in Paris, France.

She joined the Lafarge Group in 2002 as Senior Vice President for Legal, Corporate Governance & External Relations of Lafarge's subsidiary in the Philippines. From 2004 to 2007, she was Group Regional Counsel and then Deputy General Counsel of Lafarge, overseeing from Paris the group's merger and acquisitions transactions and coordinating the worldwide legal network. From 2008 to 2012, she was Chief Executive Officer and Director of Lafarge Malayan Cement Berhad, one of the largest industrial companies listed on the Malaysian Stock Exchange (a 51% owned subsidiary of Lafarge, with operations in Malaysia and Singapore).

A lawyer by training, she practiced in various law firms prior to joining the Lafarge group.

Ms Clotilde Delbos

Age: 53.

Nationality: French.

Professional address: Groupe Renault – 13/15, quai Le Gallo – 92513 Boulogne-Billancourt (France).

Principal duties: Deputy CEO and Chief Financial Officer of groupe Renault (**).

Date of first appointment: 17 July 2018.

Expiration of current term: GM held in 2022 and called to vote on the financial statements for the fiscal year ending 31 March 2022.

Independent Director.

Member of the Audit Committee.

Holds 2,600 shares.

Other current directorships and positions:

*In France, within groupe Renault (**):*

- Managing Director, Nouvelles Mobilités brand (Mobilize) since 2021
- Chair of the Board of Directors of Banque RCI SA (France) since 2016 (and Director since 2014)
- Chair of Renault Venture Capital (France) since 2017

*In France, outside groupe Renault (**):*

- Co-Manager of Hactif Patrimoine (France) since 2017

*Abroad, within groupe Renault (**):*

- Director of Renault España (Spain) since 2018
- Member of the Management Board of Renault-Nissan BV (Netherlands) since 2019

*Abroad, outside groupe Renault (**):*

-

Past directorships and positions (held in the past five years):

In France:

- Interim CEO of Renault SA (*) (France) until 2020
- President of Mobilize Invest (France) until 2020

*Abroad, within groupe Renault (**):*

- Member of the Management Board of Alliance Rostec Auto B.V. (The Netherlands) until 2020
- Member of the Supervisory Board of Alliance Ventures B.V. (The Netherlands) until 2020
- Chair-CEO of Renault Nissan B.V. (The Netherlands) until 2020

Abroad:

-

Biography:

Ms Clotilde Delbos graduated from EM Lyon. She began her career in California, then at Price Waterhouse in Paris before joining the Pechiney Group in 1992. She held various positions in France and in Brussels in Internal Audit, Treasury and Mergers & Acquisitions to then become Division Financial Director (Bauxite Alumina and International Trade). After Pechiney's acquisition by the Canadian group Alcan, Ms Clotilde Delbos served as Vice President & Business Finance Director of the Engineered Products Division from 2005 up until it was sold in 2011 to Apollo Global Management and the Fonds Stratégique d'Investissement. In the new company, Constellium, her last two positions were Deputy CFO and Chief Risk Officer.

Ms Clotilde Delbos joined Groupe Renault in 2012 as Group Controller. In May 2014, she was appointed Alliance Global Director, Control, in addition to her role as Senior Vice President, Groupe Renault Controller. In April 2016, Ms Clotilde Delbos was appointed Executive Vice President, Chief Financial Officer of Groupe Renault and Chair of the Board of Directors of RCI Banque SA.

On 1 April 2019, Ms Clotilde Delbos, Executive Vice President, Chief Financial Officer of Groupe Renault and Chairman of the Board of Directors of RCI Banque, also took over the responsibility of Internal Control.

On 11 October 2019, Ms Clotilde Delbos was named Chief Executive Officer of Renault SA for an interim period until Mr Luca de Meo took office as Chief Executive Officer of Renault SA and Chairman of Renault SAS effective 1 July 2020.

(*) Listed company.

(**) Renault SA, listed company.

On 1 July 2020, Ms Clotilde Delbos was named Deputy Chief Executive Officer of Groupe Renault. She remained Chief Financial Officer of Groupe Renault and Chair of the Board of Directors of RCI Bank & Services.

On 1 January 2021, Ms Clotilde Delbos was appointed CEO, Mobilize Brand. She remains Deputy Chief Executive Officer, Chief Financial Officer, Groupe Renault and Chair of the Board of Directors of RCI Bank & Services. She is a member of the Groupe Renault's Board of Management.

Mr Daniel Garcia Molina

Age: 49.

Nationality: Spanish.

Professional address: Alstom, Carretera de Santa Perpetua a Mollet, S/N, Santa Perpetua de Mogoda, 08130, Barcelona, Spain.

Principal duties: Employee in the Industrialization Department, Santa Perpetua site (Spain).

Date of first appointment: 1 January 2021.

Expiration of current appointment: 1 January 2025.

Director representing the employees within the meaning of Article L. 225-27-1 of the French Commercial Code.

Holds 30 shares.

Other current directorships and positions:

In France:

-

Abroad:

-

Past directorships and positions (held in the past five years):

In France:

-

Abroad:

- Secretary of the European Works Forum from December 2015 to December 2019
- Vice-Secretary of the European Works Forum from December 2019 to December 2020

Biography:

Mr Daniel Garcia Molina is employed by the Industrialisation Department of the Santa Perpetua site (Spain).

From 2012 to November 2020, he held the position of Secretary General of the union organisation at the Santa Perpetua site and general coordinator of its union organisation for Alstom Spain.

In parallel with his other union position in Spain, from December 2012 to December 2015, Mr Molina was Vice-Secretary of the European Works Council (called the European Works Forum within Alstom) and, in December 2015, he became its Secretary.

In December 2019, he once again took the position of Vice-Secretary of the European Works Forum until December 2020.

He is currently studying company administration and management at the University of La Salle (Barcelona).

Mr Serge Godin

Age: 71.

Nationality: Canadian.

Professional address: 1350, boulevard René-Lévesque ouest, 25th floor, Montreal (Quebec) H3G 1T4, Canada.

Principal duties: Founder and Executive Chairman of the Board of Directors of CGI Inc. (Canada)^(*).

Date of first appointment: 29 October 2020, effective 29 January 2021.

Expiration of current appointment: GM held in 2024 and called to vote on the financial statements for the fiscal year ending 31 March 2024. Independent Director.

Member of the Integration Committee.

Holds 25 shares (as well as 250 ADRs in his own name and 75,000 ADRs held through Distinction Capital Inc.).

Other current directorships and positions:

In France:

-

Abroad:

- Executive, Director and Shareholder of Distinction Capital Inc. (Canada) since September 2005
- Executive and Director of the Godin Family Foundation (not for profit) (Canada) since 8 February 2001

Past directorships and positions (held in the past five years):

In France:

-

Abroad:

-

^(*) Listed company.

Biography:

Mr Serge Godin founded CGI in 1976 and he is the controlling shareholder of the company. Today, CGI is one of the largest IT and business consulting services firms in the world. Mr Godin led CGI as its President and Chief Executive Officer from its founding until 2006, when he became Executive Chairman of the Board.

Under his leadership, CGI has expanded through both organic growth and more than 100 acquisitions, growing from two employees in 1976 to 76,000 today. Operating in hundreds of locations across the globe, CGI helps clients digitally transform their organizations through an end-to-end portfolio of capabilities: high-end IT and business consulting, systems integration, managed IT and business process services and intellectual property solutions.

Mr Godin is an Officer of the Order of Canada and Officer of the National Order of Quebec. In 2008, he was inducted into the Canadian Business Hall of Fame. In 2011, he was named an Honorary Associate by the Conference Board of Canada. In 2015, he became a lifelong member of the Horatio Alger Association. Mr Godin has been awarded several honorary doctorate degrees, including from ÉTS (*École de technologie supérieure*) of Montréal, York University in Toronto, Montreal's Concordia University, HEC (University of Montréal Business School) and Québec's Université Laval.

Mr Godin has long been involved in charitable causes. In 2000, together with other members of his family, he established the Godin Family Foundation with a mission to alleviate poverty, promote education and improve the health of children and teens in need. Since its inception, the Foundation has helped more than 400 schools, hospitals and youth organizations.

Mr Gilles Guilbon

Age: 57.

Nationality: French.

Professional address: Alstom, 33, avenue du Commandant-Lisiack, 17440 Aytré (France).

Principal duties: Project guarantee manager, La Rochelle site (France).

Date of first appointment: 1 January 2021.

Expiration of current appointment: 1 January 2025.

Director representing the employees within the meaning of Article L. 225-27-1 of the French Commercial Code.

Holds 172 shares.

Other current directorships and positions:

In France:

-

Abroad:

-

Past directorships and positions (held in the past five years):

In France:

-

Abroad:

-

Biography:

Mr Gilles Guilbon is a former student of the *École nationale supérieure de mécanique et d'aérotechnique*. He also holds an advanced degree in mechanics. He began his career in 1988 at Safran as Head of Methods before joining Alstom in 1991 as Head of Planning for the METEOR subway. In 1992, Mr Gilles Guilbon became Head of Industrialisation of Electro-mechanic Signalling Products. In 1995, he moved to the La Rochelle site, where he held several responsibilities within the Methods and Quality Department, for high-speed trains and tramways. He is currently a project guarantee manager.

Ms Sylvie Kandé de Beaupty

Age: 64.

Nationality: French and Senegalese.

Professional address: Airbus SAS, B80 Building – Office E253 – PO Box 31 – 2, rond-point Émile-Dewoitine, BP 90112 – 31703 Blagnac (France).

Principal duties: Executive Vice President – Chief Ethics and Compliance Officer of Airbus (*).

First appointment: 30 January 2017 – 10 July 2019.

Expiration of current appointment: GM held in 2023 and called to vote on the financial statements for the fiscal year ending 31 March 2023.

Independent Director.

Chair of the Ethics & Compliance Committee.

Holds 2,000 shares.

Other current directorships and positions:

In France:

-

Abroad:

-

Past directorships and positions (held in the past five years):

In France:

-

Abroad:

-

(*) Listed company.

Biography:

Ms Sylvie Kandé de Beaupuy has been the Executive Vice-President – Chief Ethics and Compliance Officer of Airbus since 2015.

She manages a team of close to 200 individuals (compliance managers and administrative staff) located throughout the world in all of Airbus's various activities and divisions (Airbus Commercial, Helicopters and Defence and Space).

Before joining Airbus, from 2008 to 2015, she was the Senior Vice-President – Group Chief Compliance Officer and then the Executive Vice-President – Group Corporate Counsel at Technip, the world leader in the para-oil sector.

Ms Sylvie Kandé de Beaupuy began her career as an attorney at the Paris Bar and was part of the Corporate/Mergers and Acquisitions Department of Clifford Chance in Paris for nearly 20 years. She then chose to work in-house and joined EADS/Airbus as the General Counsel of the Airbus/Leonardo partnership, ATR.

Mr Frank Mastiaux

Age: 57.

Nationality: German.

Professional address: EnBW Energie Baden-Württemberg AG – Durlacher Allee 93 – 76131 Karlsruhe (Germany).

Principal duties: Chairman & CEO of W Energie Baden-Württemberg AG (*).

First appointment: 8 July 2020.

Expiration of current appointment: GM held in 2024 and called to vote on the financial statements for the fiscal year ending 31 March 2024. Independent Director.

Chair of the Integration Committee and member of the Nominations and Remuneration Committee.

Holds 856 shares.

Other current directorships and positions:

In France:

–

Abroad:

- Member of the Advisory Board of Boehringer Ingelheim (Germany)

Past directorships and positions (held in the past five years):

In France:

–

Abroad:

- Member of the Supervisory Board EWE AG (*) (Germany) from October 2012 to May 2017

Biography:

Mr Frank Mastiaux has been the Chief Executive of EnBW, Germany's third largest energy supplier. Mr Frank Mastiaux holds a PhD in chemistry awarded in 1993. He began his career at Veba Oel AG in Gelsenkirchen, where he held various management positions until 1999. From 1998 to 1999, Mr Frank Mastiaux was seconded to CITGO Petroleum (Tulsa, Oklahoma, United States) as Development Director of CITGO Petroleum. In 1999, he became the Head of Supply Chain and Sales at Veba Oel. Subsequent to the merger of Veba and ARAL in 2000, he became Managing Director of ARAL Mineralöl-Vertrieb GmbH. In 2001, after the takeover by BP, he became Managing Director for Strategy, Marketing and Organisation of the BP Group in London. From 2005 to 2007, he was the Chief Executive of BP's Global Liquid Petroleum Gas (LPG) Division. In 2007, Mr Frank Mastiaux joined E.ON as founding Chief Executive of the E.ON's renewable energies division (E.ON Climate & Renewables). In 2011, he was also charged with E.ON's expansion in high growth markets outside of Europe as Chief Executive of E.ON International Energy.

Mr Baudouin Prot

Age: 69.

Nationality: French.

Professional address: -

Principal duties: Chairman of the Supervisory Board of Foncia.

Date of first appointment: 17 July 2018.

Expiration of current appointment: GM held in 2022 and called to vote on the financial statements for the fiscal year ending 31 March 2022. Independent Director.

Member of the Nominations and Remuneration Committee and of the Ethics & Compliance Committee.

Holds 2,600 shares.

Other current directorships and positions:

In France:

- Director of Kering (*) since 1998
- Chairman of the BNP Paribas Emergency and Development Fund since 2013

Abroad:

- Director of Finastra (United Kingdom) since 2017
- Senior Advisor of Partners Group (Switzerland) since 2017
- Senior Advisor, Boston Consulting Group (United States) since 2015

(*) Listed company.

Past directorships and positions (held in the past five years):

In France:

- Director of Lafarge^(*) until 2016
- Director of Veolia Environnement^(*) until 2018

Abroad:

- Director of BGL BNP Paribas (Luxembourg) until 2021

Biography:

Mr Baudouin Prot began his career as Finances Inspector after graduating from the *École nationale d'administration* in June 1976. He joined the Banque Nationale de Paris in 1983 as Deputy Director of Banque

Nationale de Paris Intercontinentale prior to assuming the leadership of the Europe Department in 1985. He joined the management team of Réseaux France in 1987. For ten years (1987-1996), he was in charge of Réseaux France and was appointed Deputy Managing Director in 1992. In 1996, he accepted the position of Managing Director of the Banque Nationale de Paris and, when BNP Paribas was created, he was appointed Deputy CEO of the new group. In 2000, became a member of the Board of Directors of BNP Paribas. In 2003 Mr Prot became CEO of the BNP Paribas group, a position he held until 2011. From 2011 to 2014 he served as Non-Executive Chairman of BNP Paribas. He currently (since October 2016) is the Chairman of the Supervisory Board of Focnia Management.

➔ Ms Sylvie Rucar

Age: 64.

Nationality: French.

Professional address: SR Corporate Finance Advisory – 9 bis, rue Saint-Amand – 75015, Paris (France).

Principal duties: President of SRCFA.

Date of first appointment: 30 June 2015 – 10 July 2019.

Expiration of current appointment: GM held in 2023 and called to vote on the financial statements for the fiscal year ending 31 March 2023.

Independent Director.

Chair of the Audit Committee.

Member of the Nominations and Remuneration Committee.

Holds 2,201 shares.

Other current directorships and positions:

In France:

- Senior Advisor at Alix Partners (US consulting firm, Paris office)
- Director of Avril Gestion (France), member of the Nominations and Compensation Committee
- Director of CFAO (France), Chair of the Audit Committee

Abroad:

–

Past directorships and positions (held in the past five years):

In France:

–

Abroad:

–

Biography:

Ms Sylvie Rucar began her career in 1978 at Citroën (PSA group). She joined the PSA group's Finance Department from 1984 to 2007, where she worked in mergers and acquisitions, financial control, and international finance. She was Group Treasurer before becoming the Chief Financial Officer and Chair of Banque PSA Finance. She was a member of PSA Group's Management Committee.

In early 2008, Ms Sylvie Rucar joined Société Générale, where she was the Deputy CFO and Chief Operating Officer of the Group's Investor Services Department. In mid-2009, Ms Sylvie Rucar joined the Cogepa family office. Since the end of 2010, she has been advising companies in mergers and acquisitions, financing and corporate restructuring for her own firm, and for the Alix Partners consulting firm, where she is a Senior Advisor. Ms Sylvie Rucar is a graduate of the ESCP-Europe Business School (*École supérieure de commerce de Paris*, ESCP-Europe).

➔ Mr Benoit Raillard (Censor)

Age: 56.

Nationality: French.

Professional address: CDPQ London LLP – Private Equity, 11 Charles II Street, London, SW1Y 4QU (Great Britain).

Principal duties: CDPQ's Vice-President and Operating Partner, Private Equity for Europe.

Date of first appointment: 26 January 2021, effective 29 January 2021.

Expiration of current appointment: GM held in 2024 and called to vote on the financial statements for the fiscal year ending 31 March 2024.

No Alstom shares held.

Other current directorships and positions:

In France:

- Director of Alvest (France) since March 2018
- Director of Biogroup (France) since January 2019
- Director of Sebia (France) since March 2019

Abroad:

- Director of TVS Supply Chain Services (SCS) (India) since July 2020
- Director of FNZ (Great Britain) since July 2019
- Director of Suez Water Technology and Solutions (United States) since February 2018
- Director of Avison Young (United States/Canada) since August 2018
- Director of Dalcor Pharmaceuticals (Great Britain/Canada) since December 2019

(*) Listed company.

Past directorships and positions (held in the past five years):

In France:

- Director of Courtepaille (France) from September 2015 to September 2020
- Director of Foncia (France) from January 2018 to October 2019
- Director of Made In Design (France) from October 2016 to September 2017
- Director of Via Location (France) from April 2015 to January 2017

Abroad:

- Director of Datamars (Switzerland) from January 2018 to October 2019
- Director of Mackevision (Germany) from April 2016 to December 2017
- Operating Partner, Managing Director of GIMV ^(*) (Belgium) from December 2014 to December 2017

No convictions

This section is based on the information provided by the Directors in response to the annual questionnaire sent to them by the Company.

The information is current as at 10 May 2021.

To the Company's knowledge, no member of the Board of Directors:

- has been convicted of fraud in the last five years, or
- has been implicated and/or been the subject of any official public sanction; provided, however, that by decision dated 18 December 2014, the Enforcement Committee of the French Financial Markets Authority (AMF) found that Faurecia SA and its Chairman and CEO, Mr Yann Delabrière, had failed to meet certain obligations defined in Articles 223-1, 223-2 and 223-10-1 of the AMF's General Regulation pertaining to information related to Faurecia SA's objectives for 2012. In application of articles L. 621-15 (paragraphs II- (c) and III- (c)) of the French Monetary and Financial Code, the AMF fined Faurecia SA and its Chairman and CEO, Mr Yann Delabrière, €2 million and €100,000, respectively. Supported by the Faurecia SA's Board of Directors, on 26 February 2015, Faurecia SA and Mr Yann Delabrière lodged an appeal against this decision with the Paris Court of Appeal. In a ruling issued on 30 June 2016, the Paris Court of Appeal, finding that the decision did not permit the proportionality of the fine to be assessed, ruled that the financial penalty imposed on Faurecia SA should be overturned and, as consequently, reduced it to €1 million. As regards Mr Yann Delabrière, the Paris Court of Appeal found no evidence of personal wrongdoing and maintained the penalty solely in his capacity as legal representative of Faurecia SA. On 22 August 2016, Faurecia SA and Mr Yann Delabrière lodged an appeal against this ruling before the French Supreme Court (*Cour de cassation*). The appeal before the French Supreme Court lodged by Faurecia and its former Chairman and Chief Executive Officer, Mr Yann Delabrière, was withdrawn and the French Supreme Court recorded this withdrawal by a judgment dated 26 September 2018;
- has been in the past five years, while having held the position of a member of an administrative, management or supervisory body, involved in a bankruptcy, receivership, liquidation or the placement of a company under judicial administration;

Biography:

Benoit Raillard has been Vice President and Operating Partner, Private Equity for Europe at CDPQ since November 2017. In this role, he oversees part of the direct private equity investment portfolio in the region. Based in London, he is also involved in conducting operational due diligence on new investment opportunities.

Mr Raillard has over 25 years of experience in private equity, general management roles and strategy consulting. Before joining CDPQ, he was Managing Director and Operating Partner at the pan European fund Gimv, Senior Director at Alix Partners, specialized in turnaround for private equity funds. For 15 years, he has held general management positions in private equity-backed service companies (Elis, 5aSec). Prior to that, he worked in strategy consulting with Bain & Company, in sales and marketing management at Eli Lilly, in operations management at BNPP in New York.

He holds an MBA from Harvard Business School and a MSc in aeronautic engineering from *École centrale de Paris*. He attended *Institut d'études politiques de Paris* (JD). He presently sits on the Board of Directors of FNZ, Suez Water Technology & Solutions, Alvest, Avison Young, Biogroup, Sebia. He was previously a Board Member at Foncia and Datamars.

- has been disqualified by a court from having the right to carry out the duties of a member of an issuer's administrative, management or supervisory body or from acting in the management or conduct of the business of any issuer in the past five years.

Conflicts of interest

The applicable rules and procedures in place within Alstom

In past financial year, the Board of Directors amended its internal rules by decisions dated 22 September 2020 and 26 January 2021, notably in connection with the acquisition of Bombardier Transportation.

In particular, the purpose of these modifications was to make the provisions of the internal rules regarding conflicts of interest applicable to the Censor (*censeur*).

The Director's Charter annexed to the Board's internal rules thus provides that a Director or Censor must inform the Board as soon as he/she is aware of any conflict of interest (even a potential conflict) and he/she must refrain from participating in discussions on and from voting on the corresponding matter (it being noted that the Censor only participates in Board meetings in an advisory capacity).

The charter specifies that the Director/Censor must consult the Chair of the Board of Directors (or, whenever the Director in question is the Chair of the Board of Directors, the Chair of the Nominations and Remuneration Committee) prior to carrying out any activity or accepting any function or obligation that could, according to him/her, place him/her in a conflict of interest situation, including a potential conflict. After consulting with the Lead Independent Director, the Chair can submit such questions to the Nominations and Remuneration Committee, or the Board of Directors. The Lead Independent Director will analyse any potential conflicts of interest with the Chair of the Board of Directors. The Director/Censor is required to present his/her resignation if a conflict of interest could not be resolved to the Board's satisfaction.

(*) Listed company.

Upon taking office, and once per year thereafter, the Director/Censor must submit a statement to the Company on the existence of or the potential for any conflicts of interest by answering a questionnaire provided by the Company. He/she must notify the Company of any change rendering his/her statement inaccurate and to respond to the Chair of the Board of Directors' requests at any time, in accordance with the Directors' Charter.

In addition, pursuant to article 6 of the Board's internal rules, the Lead Independent Director is responsible for carrying out a preventive awareness campaign aimed at Directors and the Censor regarding conflicts of interest and for examining with the Chairman of the Board potential conflict of interest situations.

Process to evaluate ordinary agreements

In accordance with article L. 22-10-12 of the French Commercial Code, the Company put in place a procedure aimed at regularly evaluating ordinary course agreements entered into under arm's length terms.

The principal characteristics of this procedure as approved by the Board of Directors on 10 March 2020 are as follows:

- establishment and updating of a list of the relevant related parties by identifying and classifying the relevant agreements;
- two-step implementation:
 - control: quarterly in respect of certain support functions, such as the Procurement and Consolidation Departments; annually, on the basis of a questionnaire sent to members of the Board of Directors,
 - classification: phase involving the legal, commercial and/or finance functions and the Statutory Auditors, if the opinion of the Auditors becomes necessary;
- Annual Report of the Board of Directors and re-examination of the procedure on an annual basis so that its effectiveness can be improved as necessary.

This procedure was formalised by way of an internal instruction, deployed during the last fiscal year and the results were presented to the Board of Directors meeting held on 10 May 2021.

Other information

In addition, to the Company's knowledge:

- there is no indirect or direct conflict of interest (including a purely potential conflict) between the duties of a Director vis-à-vis Alstom and such Director's private interests and/or other duties;
- other than the appointments of Caisse de Dépôt et Placement du Québec as Director and of Mr Benoît Raillard as Censor, as proposed by Caisse de Dépôt et Placement du Québec, no arrangement or agreement has been entered into between the Company and shareholders, clients, suppliers or other persons pursuant to which a Director was appointed to the Board;
- there is no family relationship among the members of the Company's Board of Directors;
- there is no services agreement binding any Directors to the Company or to any of its subsidiaries and providing for the grant of benefits upon the expiration of such an agreement.

In addition, to the Company's knowledge, at 10 May 2021 and other than the commitments described below:

- undertaking made in an investment agreement by Caisse de Dépôt et Placement du Québec until 16 September 2030 that its shareholding will not exceed 22% of the ordinary shares issued by Alstom without Alstom's agreement. Within the limit of this undertaking, CDPQ could acquire other Alstom securities depending on market conditions. In addition, in the same investment agreement, CDPQ undertook to

hold its Alstom securities for a 21-month period (excluding transfers in the context of a public tender offer, transfers authorised by Alstom, transfers to affiliates, transfers subsequent to the commencement of a proceeding provided for by Book 6 of the French Commercial Code or transfers allowing CDPQ to hold less than 19.8% of Alstom shares prior to a distribution);

- undertaking made by Bouygues SA after the disposal of 12,000,000 Alstom shares in March 2021 to hold the balance of its stake in Alstom for a period of 60 days commencing on the settlement and delivery date, subject to customary exceptions.

There is no restriction applicable to any of the Directors relating to the sale of their stake in the Company's share capital other than the internal rules set by the Group or, more generally, all applicable legal or regulatory provisions governing the abstention from trading in the Company's securities in the context of preventing insider trading.

Director independence

Pursuant to the AFEP-MEDEF Code and the Board of Directors' internal rules, the Board annually assesses the situation of each Director in light of independence criteria.

In this regard, annually, each Director is invited to send to the Company an official statement regarding each of these criteria through the questionnaire sent to him/her by the Company and the Company itself carries out verifications, particularly through a procedure to regularly evaluate ordinary course agreements entered into under arm's length terms as described above.

The Board meeting held on 10 May 2021 reviewed the independence of its members based on the recommendations issued by the Nominations and Remuneration Committee, each of which were approved by the Board.

As in past years, the Board referred to the AFEP-MEDEF Code's definition and considered that a Director is independent when he/she has no relationship of any kind with the Company, its Group or its Management that could potentially compromise his/her ability to exercise independent judgement.

The Board took into account all the criteria recommended by the AFEP-MEDEF Code for assessing the independence of its members, and for finding that, in order to be qualified as independent, a Director must not:

- be or have been, in the past five years, an employee or an executive corporate officer ("*dirigeant mandataire social exécutif*") of the Company, or an employee or executive corporate officer or Director of a company within the Company's scope of consolidation, or an employee, Executive Officer, or a Director of the Company's parent company or of a company consolidated by such parent;
- be an executive corporate officer ("*dirigeant mandataire social exécutif*") of a company in which the Company directly or indirectly holds a seat on the Board of Directors, or in which an employee designated as such or an executive corporate officer ("*dirigeant mandataire social exécutif*") of the Company holds a directorship (currently or over the past five years);
- be, either directly or indirectly, a customer, supplier, investment or commercial banker, advisor:
 - which is significant for the Company or its Group, or
 - for which the Company or its Group represents a material proportion of the entity's business;
- have any close family ties with a corporate officer ("*mandataire social*") of the Company;
- have been a Statutory Auditor of the Company in the past five years;

- have been a Director of the Company for more than 12 years (loss of the status as an independent Director occurs on the date on which this 12-year period is reached);
- be, control, or represent a shareholder which holds, individually or in concert, more than 10% of the Company's share capital or voting rights;
- receive variable compensation in cash or shares or any other form of compensation linked to the performance of the Company or of the Group.

In compliance with the AFEP-MEDEF Code's recommendation, the Board may conclude that a Director does not qualify as independent even though he/she meets the independence criteria, and *vice versa*.

The Board of Directors reviewed in particular the key business relationships criterion. Whenever business activities or relationships are identified between the Company and the companies where Directors qualified as independent perform functions or hold offices, the Board takes into account the nature of those activities/relationships, their non-significant amount as assessed from each party's point of view, the fact that the relevant Director does not hold an executive position within the company or group in question or the existence of any other qualitative element (such as the length and the continuity of the relationship), in order to assess the independence of the relevant Directors.

As was the case last year, the Board assessed the situation of Ms Sylvie Kandé de Beaupuy in light of the cooperation agreement the Company signed on 27 April 2017 with Airbus, the company in which she is the Group Ethics and Compliance Officer. The Board found that, given the nature (i) of her activities within Airbus and (ii) the agreement which seeks only to implement a co-development programme to prevent cyber-attacks (with the objective of providing services to analyse the vulnerability of transport systems, to create a common protection platform and define a new standard for security operational centres adapted to the industrial sector), Ms Sylvie Kandé de Beaupuy met all the independence requirements and should therefore be considered to be an independent Director.

In addition, the Board of Directors confirmed the qualification of Mr Serge Godin as an Independent Director as it had done at the time of his nomination by the 29 October 2020 General Meeting. Mr Serge Godin's candidacy had been proposed by Caisse de Dépôt et Placement du Québec in the framework of the acquisition of Bombardier Transportation.

The Board of Directors considered that Mr Serge Godin is free from interests vis-à-vis CDPQ, an entity with which no shareholders' agreement or similar agreement exists despite CDPQ's minority stakeholding in GCI Inc. The Board of Directors also acknowledged that Mr Serge Godin does not take instructions from CDPQ and no arrangement exists between Mr Serge Godin and CDPQ concerning decision-making on Alstom's Board of Directors.

In its analysis of Mr Serge Godin's independence, the Board of Directors also took into account the existence of a framework agreement entered into in 2015 between Alstom and CGI France, under which the amounts invoiced annually (as the case may be) for ordinary course services have not been significant for either party since this agreement was signed. In particular, this assessment took into account the conditions under which the contract was entered into, in accordance with strict internal procedures, and the lack of dependence of either party in view of the amounts at issue in comparison to, among other things, the CGI Group's revenues (the Board of Directors once again acknowledged that these amounts vary annually from 0.05% to 0.20% of CGI France's revenues since the agreement was signed).

Based on these factors, Alstom's Board of Directors considered that Mr Serge Godin's freedom of judgment within the Board is not likely to be compromised, as none of these factors are such as to characterise a lack of independence.

Therefore, after reviewing all the criteria, the Board of Directors decided that, as of 10 May 2021, eight Directors (excluding Directors representing the employees) must be qualified as independent, corresponding to 72%.

AFEP-MEDEF criteria (The criterion is considered met when marked with a "✓")	No employment or corporate officer position in the Company in the past 5 years	Absence of cross-directorships	Absence of material business relationships	Absence of family connections	Not being or having been the Company's Statutory Auditor in the past 5 years	Duration of appointment <12 years	<10% shareholding and voting rights in the Company	Absence of variable compensation based on the Company's performance	Qualification assigned by the Board
Mr Henri Poupart-Lafarge		✓	✓	✓	✓	✓	✓	Not independent	
Bouygues SA, represented by Mr Pascal Grangé	✓	✓	✓	✓	✓		✓	Not independent	
CDPQ, represented by Ms Kim Thomassin	✓	✓	✓	✓	✓	✓		Not independent	
Ms Bi Yong Chungunco	✓	✓	✓	✓	✓	✓	✓	Independent	
Mr Yann Delabrière	✓	✓	✓	✓	✓	✓	✓	Independent	
Ms Clotilde Delbos	✓	✓	✓	✓	✓	✓	✓	Independent	
Mr Serge Godin	✓	✓	✓	✓	✓	✓	✓	Independent	
Ms Sylvie Kandé de Beaupuy	✓	✓	✓	✓	✓	✓	✓	Independent	
Mr Frank Mastiaux	✓	✓	✓	✓	✓	✓	✓	Independent	
Ms Sylvie Rucar	✓	✓	✓	✓	✓	✓	✓	Independent	
Mr Baudouin Prot	✓	✓	✓	✓	✓	✓	✓	Independent	

Rules of conduct – Ethics for Directors and Censor

Directors' Charter

Attached to the Board of Directors' internal rules is the Directors' Charter, which defines Directors and Censor's rights and obligations, and the content of which essentially complies with the AFEP-MEDEF Code's recommendations.

As indicated above, during the last fiscal year, the Board's internal rules were modified by decisions of the Board of Directors dated 22 September 2020 and 26 September 2021, in particular in connection with the Bombardier Transportation acquisition.

These changes were essentially intended to:

- make certain provisions of the internal rules, particularly those relating to conflicts of interests and to the abstention rules for trading in the company's shares, apply to the Censor;
- more strictly define the concept of confidential information and to define the arrangements governing communication of such information to be followed by Directors and Censor which are legal persons;
- clarify the legal and contractual regime applicable to insider trading.

Before accepting their appointment, all Directors/Censor must familiarise themselves with the legal and regulatory texts that relate to their office, the Company's Articles of Association, the Group's Code of Ethics, the internal procedures of the Board of Directors and Board Committees, and the Directors' Charter. Any Director/Censor can consult the Secretary of the Board at any time regarding the scope of these rules and the rights and obligations of their role.

Each Director/Censor must dedicate to her/his function all the required time and attention and must attend – unless actually prevented from doing so – all meetings of the Board of Directors and of the Committees of which he/she is a member, and all General Shareholder Meetings.

Pursuant to the Director's Charter, each Director and the Censor is bound by professional secrecy and must personally protect the confidentiality of any information he/she obtains in connection with his/her office that has not been made public.

As indicated above, these rules were supplemented during the last financial year in order to specify the communications rules applicable to this information to be followed by Directors /Censor which are legal persons.

Thus, if the Director/ Censor is a legal person, it must:

- ensure that confidential information communicated to its permanent representative on the Board of Directors is not disclosed to any third party other than (i) to a limited number of persons, on a strictly need to know basis, who are employees, other staff members working as consultants exclusively for such Director/Censor, directors or officers of such Director/Censor and whose identity and contact details are communicated to the Company in writing prior to disclosure, and (ii) to that Director's/Censor's legal advisors and Statutory Auditors (if relevant) (the "Authorised Recipients");
- ensure that neither its permanent representative nor any Authorised Recipient is an employee, director, executive officer or consultant of an entity included on (i) the list of the Company's identified competitors, (ii) the list of the Company's five (5) most important customers (on the basis of the revenues generated by the Company with such customers on a consolidated basis and during the previous fiscal year), (iii) the list of the Company's five (5) most important suppliers (on the basis of the payments made by the Company to such suppliers on a consolidated basis and during the previous fiscal year). These lists will be made available to that Director/Censor upon its request, it being specified that the list of the five (5) most important customers and the list of the five (5) most important suppliers must be updated once per year;
- cause its permanent representative and the Authorized Recipients (i) not to disclose confidential information to any third party whatsoever (without prejudice to the disclosure rights referred to above), (ii) to implement necessary and adequate measures, notably with regard to the storing of the Confidential Information in a separate folder or file, in order to secure such information from unauthorised access, use, reproduction or disclosure, and (iii) to comply with any and all obligations set forth under the charter (including rules indirectly deriving from the charter, such as rules under the Company's Code of Conduct), to the extent applicable; and
- provide the Company with all necessary information required by applicable rules and by the Company for the purposes of maintaining any insider list, including with respect to its permanent representative and the Authorized Recipients.

In addition, the Directors' Charter states that the Director must also comply with the provisions of the AFEP-MEDEF Code and the legal provisions in force concerning rules applicable to the combination of offices. Each Director must provide information to the Company regarding the offices he/she holds in other companies, including his/her participation in Committees of the Boards of such French or foreign companies. He/she must disclose any new office or professional responsibility to the Company as soon as possible. When he/she exercises executive functions within the Company, he/she must also solicit the Board's opinion prior to accepting a new corporate office in a company outside the Group.

The Director's Charter also restates the Directors' and Censor's duty to comply with the Group's internal rules and, more generally, with the applicable legal and regulatory provisions regarding the Directors' abstention from dealing in the Company's securities, as set forth in the Group's Code of Conduct on the misuse of inside information and the prevention of insider trading.

Code of Conduct on inside information and the prevention of insider trading

The Code of Conduct relating to inside information and preventing market abuse (the "Code of Conduct") defines the situations in which certain individuals must abstain from carrying out transactions involving the Company's securities. These principles are also contained in the Group's Code of Ethics.

The Group's Code of Ethics and Code of Conduct are also delivered to each Director/Censor at the beginning of his/her term and following each amendment. Compliance with confidentiality rules is also among the essential rules of the Group's Code of Ethics.

The Code of Conduct applies to Directors, Censor, executive managers and persons treated as managers, and Group employees who have regular or occasional access to inside information.

The blackout period calendar is released to the concerned persons prior to the beginning of each fiscal year and the commencement of each trading blackout period is notified by email several days in advance to the relevant persons.

The Board's Internal Rules and the Code of Conduct to which the Board's internal rules refer also remind the managers and persons treated as managers of their legal obligations to report dealings in the Company's securities carried out either by them or by persons close to them.

Pursuant to the Code of Conduct, transactions involving the Company's securities are not allowed:

- during the 30 calendar days before Alstom's half-year and annual results are disclosed to the public and until the second trading day (inclusive) following the date the information was disclosed to the public;
- during the 15 calendar days before the public disclosure of sales and orders (or other results) for the first and third quarters of each fiscal year and until the second trading day (inclusive) following the date the information was disclosed to the public; and
- in any case, when inside information is held and until the second trading day (inclusive) after the date such information was disclosed to the public.

CONDITIONS OF PREPARING AND ORGANISATION OF THE WORK OF THE BOARD OF DIRECTORS

Organisation and functioning of the Board of Directors

The procedures governing the organisation and functioning of the Board of Directors are defined in the Board of Directors' internal rules. The purpose of the internal rules is to complement applicable laws and regulations.

The rules are regularly reviewed by the Board of Directors to determine whether its provisions need to be amended or further detailed in order to comply with applicable regulations or to improve the efficiency and operation of the Board and its Committees.

The internal rules notably state that the Board of Directors:

- must be comprised of independent Directors numbering not less than half of its total members, as determined and reviewed annually by the Board of Directors on the basis of a proposal of the Nominations and Remuneration Committee;
- shall define, upon the proposal of the Chief Executive Officer, the Group's strategy and shall regularly review the Group's previously defined orientations, supervise management and verify the quality of information supplied to shareholders and the financial markets;
- shall review and approve the annual budget and the medium-term plan;
- shall consider prior to implementation any transaction that is not part of the Group's announced strategy or that could significantly affect such strategy or materially modify the Group's financial structure or results;
- shall approve before implementation any acquisition or divestiture insofar as the amount exceeds €80 million, any decision to set up a partnership where the Group's contribution exceeds €80 million, as well as any financing transaction which exceeds a total of €400 million for any one transaction for new medium-term or long-term borrowings, or €1 billion for short-term treasury notes;
- shall approve before implementation organic growth investments of more than €80 million and significant internal restructuring transactions at the time, in particular, of the annual review of the budget and strategy;
- shall be kept regularly informed of developments in the Group's business activities and results, the Group's significant risks, its financial position, indebtedness, cash position and, more generally, any Group commitments, and may request information about the foregoing at any time;
- shall create one or more specialised Committees and define their composition and responsibilities;
- shall approve the composition of the Group's Leadership Team;
- shall set the compensation (in the broad sense) of the corporate officers ("mandataires sociaux") and assess each year the Chief Executive Officer's performance outside of his/her presence;
- shall annually review and approve the information published in the Company's Annual Report regarding its corporate governance practices and structures, including the presentation of the policy followed with respect to the compensation of corporate officers.

The Board must also examine its method of working at least once per year and implement a formal assessment every three years.

At least six Board meetings are scheduled each year.

Training of Directors/Censor

Upon being appointed to the Board of Directors, each Director/Censor receives all information needed to perform his/her duties and may request any document he/she considers appropriate.

Meetings with those responsible for the Group's principal central functions are organised, as are meetings that include a detailed presentation of the businesses and production sites visits so that Directors may meet with management teams and develop a more thorough understanding of issues specific to the Company, its activities and the markets in which it operates.

Within the framework of the development of continuing training initiatives, all Directors/Censor may participate in the induction and training programs intended for new Directors.

During the annual assessment of the functioning of the Board, Directors are asked whether they are experiencing a need to update their knowledge or broaden their skills.

The Board of Director's internal rules specify that any further training a Director/Censor may request (as he/ she considers it necessary) may cover not only areas specific to the Group or the Group's professional areas and business sectors, but also accounting and financial areas.

Each year, one Board meeting is held (when possible) at one of the Group's main sites at which an in-depth presentation of the relevant business is made, along with production site visits and discussions with operational managers.

Information to be provided to Directors/Censor

Prior to each Board or Committee meeting, Directors / Censor receive with reasonable advance notice (generally one week) a file on agenda items that require prior examination and consideration.

In addition to Board meetings, the Chair systematically informs Directors / Censor of any event or development that has a material impact on operations or on any information previously communicated to the Board or on any matters discussed during the meetings; the Chair also regularly forwards to the Directors any significant information regarding the Company. The Board's internal rules notably provide for the Board's prior approval of any acquisition, disposal or partnership of a value exceeding €80 million.

Directors / Censor also receive copies of all press releases, as well as the principal press articles and financial analysts reports.

Directors may at any time request further information from the Chair of the Board, who assesses the relevance of the request. Directors are also entitled to meet with the Group's executives, including outside of the presence of corporate officers ("*mandataires sociaux*").

The Group's operational managers and function heads, as well as persons from outside the Group, participate in meetings at the request of the Chair based on the matters on the agenda.

Board Committees

Upon the Company's listing in 1998, the Board of Directors formed two Committees, the Audit Committee and the Nominations and Remuneration Committee. Each of these Committees have a role of studying and preparing the Board's main deliberations falling within their purview in order to improve the Board's effectiveness of the Board, which is the sole body authorised to make decisions.

In September 2010, the Board decided to create a third Committee, the Ethics, Compliance, and Sustainability Committee.

Following the Board functioning evaluation exercise in respect of the 2019/20 fiscal year, the Ethics, Compliance and Sustainable Development Committee was renamed the Ethics & Compliance Committee and now focuses on ethics and compliance only and is also intended to address subjects relating to managing human and social rights. This change also had an impact of the Board of Directors' agenda and resulted in the direct inclusion of sustainable development issues (including environmental issues) on the Board's agenda twice per year. Ethics and compliance issues are also included on the Board's agenda twice per year.

In addition, within the framework of the acquisition of Bombardier Transportation, an Integration Committee was created with effect on the closing date of the acquisition, *i.e.*, 29 January 2021, for a period of two years commencing on the same date.

Each Board meeting is generally preceded by a meeting of one or more of these Committees, depending on the items on the Board's meeting agenda. The Committees report to the Board on their work and observations and, as required submit their opinions, proposals or recommendations. In light of the professional travel constraints Directors may have, Audit Committee meetings may be held on the day prior to Board meetings and not two days ahead as recommended by the AFEP-MEDEF Code. These meetings are held on the basis of documents that were sent to participants in advance (a week before the meeting).

The composition, the powers and the procedures of each Committee are also defined by internal rules put forward by each relevant Committee and approved by the Board of Directors. Each Committee reviews its internal rules to take into account changes in regulations or recommendations and can submit any modifications it considers appropriate to the Board.

The Board of Directors can also at any time decide to create an *ad hoc* Committee of Directors to examine a specific matter. This was the case in the context of the acquisition of Bombardier Transportation, which closed on 29 January 2021.

Directors' professional careers and skills are taken into account by the Board when deciding Committee memberships.

According to the Audit and Ethics & Compliance Committees' internal rules, such Committees must consist of at least three members of whom at least two thirds must be independent Directors, including the Committee Chair. As for the Nominations and Remuneration Committee, the rules recommend that the Committee consist of at least three members and that at least a majority of the Committee's members are independent, including the Chair of the Committee, who has a casting vote in case of a tie.

Regarding the Integration Committee, which became active on 29 January 2021, that Committee's internal rules provide that the Committee is made up of four members, at least two of whom must be Independent Directors and one must be nominated by Caisse de Dépôt et Placement du Québec.

In the context of its work, each Committee can meet any Group executive it deems appropriate, retain the services of experts at its own initiative and ask for any information useful for it to effectively perform its missions.

Moreover, each member of a Committee may propose that a meeting be held if he/she believes it is necessary to discuss a particular issue.

The Committees' work is subject to an oral report during the Board meeting and each Committee prepares a report presenting its work during the past fiscal year. This report is included in the Universal Registration Document.

The internal rules of the Board of Directors and of its Committees, the Director's Charter appended to the Board's internal rules (large excerpts of which are included in this report) and the Code of Conduct relating to inside information and preventing insider trading to which the Board's internal rules refer, are available on Alstom's website.

Activity report of the Board of Directors for 2020/21 fiscal year

Number of meetings

2020/21 fiscal year	2019/20 fiscal year	2018/19 fiscal year
11 ⁽¹⁾	11 ⁽²⁾	13

- (1) Of which four meetings were specifically convened and dedicated to the Bombardier Transportation acquisition.
- (2) Of which three meetings were specifically convened and dedicated to the Bombardier Transportation acquisition.

Name	Individual rate of attendance at Board Meetings during the 2020/21 fiscal year (number of corresponding meetings)
Mr Henri Poupart-Lafarge <i>Chairman of the Board of Directors and Chief Executive Officer</i>	100% (11/11)
Mr Yann Delabrière <i>Lead Independent Director</i>	100% (11/11)
Mr Olivier Bouygues Bouygues SA <i>Represented by Mr Pascal Grangé</i>	45.45% (5/11) 45.45% (5/11)
Ms Bi Yong Chungunco	100% (11/11)
Caisse de Placement et Dépôt du Québec <i>Represented by Ms Kim Thomassin</i>	100% (1/1)
Ms Clotilde Delbos	90.91% (10/11)
Mr Daniel Garcia Molina <i>Director representing the employees</i>	100% (3/3)
Mr Serge Godin	100% (1/1)
Mr Gilles Guilbon <i>Director representing the employees</i>	100% (3/3)
Ms Sylvie Kandé de Beaupuy	100% (11/11)
Mr Frank Mastiaux	100% (8/8)
Mr Baudouin Prot	100% (11/11)
Mr Benoît Raillard <i>Censor</i>	100% (1/1)
Ms Sylvie Rucar	100% (11/11)
Overall average attendance rate	92.61%^(*)
Overall average attendance rate during the 2019/20 fiscal year	90.62%
Overall average attendance rate during the 2018/19 fiscal year	89.50%

(*) Including the attendance rate of Mr Gérard Hauser (attendance rate of 100%, i.e., 3/3 meetings), whose appointment expired after the General Meeting held on 8 July 2020.

The Board of Directors addressed the main following areas during fiscal year 2020/21. The Chair of each Committee reported on the works of his / her Committee at the meeting of the Board which followed:

Subject area	Activity
Business review	<ul style="list-style-type: none"> • Update on the Group's activity, in particular in terms of commercial results, Group evolution as compared to competitors and execution of main projects (at each Board meeting). • In the framework of the Covid-19 pandemic: review of the situation, its impacts and monitoring of specific action plans.
Accounting and financial issues	<ul style="list-style-type: none"> • Regarding the financial statements: <ul style="list-style-type: none"> ▪ review and approval of the consolidated and company accounts for 2019/20 fiscal year, the consolidated accounts for the first half of 2020/21 fiscal year, and the related management reports (in the presence of the Group's Statutory Auditors)/Review of draft press releases regarding these results prior to their publication; ▪ allocation of 2019/20 result and decision to not distribute a dividend; ▪ approval of management planning documents. • Examination of the Group's financial situation, cash flow changes, indebtedness, liquidity position and financial rating (at the time the annual and half-year accounts are approved and on a regular basis). • Regular update specific to the economic and financial terms of the Bombardier Transportation acquisition transaction. • Financial markets update: changes in share price, debriefing following analyst presentations on the annual and half-year results, financial communications issues and investor relations more broadly speaking (at each Board meeting). • Renewal: <ul style="list-style-type: none"> ▪ of the Chairman & CEO's annual authorisation to grant deposits, sureties and guarantees; ▪ of the Chairman & CEO's annual authorisation in respect of the issuance of bonds (on the basis of which a €750 million bond issuance was completed in January 2021). • Authorisation of bank financing in the amount of €1,750 million. • Annual authorisation given to the Chairman & CEO to implement a share buy-back programme.
Risks	<ul style="list-style-type: none"> • Information on the progress of principal pending investigations and disputes. • Regular information on control, internal audit and risk management systems. • Review of the Group's risk map on the occasion of the approval of the annual financial statements and preparation of the Universal Registration Document and its first amendment. • Specific review of risks in the framework of the acquisition of Bombardier Transportation.
Strategy	<ul style="list-style-type: none"> • Acquisition of Bombardier Transportation: <ul style="list-style-type: none"> ▪ update at each regular meeting of the Board and during special meetings (four) regarding the actions implemented in view of the closing of this acquisition. In this context, decision to launch a capital increase with preferential subscription rights maintained carried out in December 2020 and to launch two reserved capital increases (one for the benefit of CDP Investissements, Inc., and the second for the benefit of Bombardier UK Holding Limited) carried out on 29 January 2021; ▪ since the closing of the acquisition: update at each Board meeting on integration issues and their state of progress, along with the conclusions of the Chair of the Integration Committee as appropriate; ▪ preparation and convening of the special meeting of holders of shares carrying double voting rights and Combined General Meeting of 29 October 2020 (behind closed doors). • Generally speaking, update on strategic and operational issues included on the agenda for each Board meeting, allowing for alignment between management and the Directors.

Subject area	Activity
Governance	<ul style="list-style-type: none"> • Composition of the Board of Directors: <ul style="list-style-type: none"> ▪ proposal to nominate Mr Frank Mastiaux; ▪ review of the backgrounds of the Directors and the Censor proposed by Caisse de Dépôt et Placement du Québec within the framework of the acquisition of Bombardier Transportation; ▪ review of the backgrounds of the two Directors representing the employees nominated in accordance with Article L. 225-27-1 of the French Commercial Code and Article 9-A of the Articles of Association, setting the terms of the exercise of their mandates (time dedicated, training, compensation); ▪ review of the composition of the Committees. • Review of Director independence, in particular within the framework of the nomination of the two Directors proposed by Caisse de Dépôt et Placement du Québec. • Review of the Lead Independent Director's activity over the course of the previous fiscal year (the conclusions from the exchanges with investors and proxy advisors that took place during the year, in particular). • Presentation of the conclusions from the evaluation exercise pertaining to the functioning of the Board of Directors and the Committees over the 2020/21 fiscal year carried out on the basis of an internal questionnaire and individual meetings between the Lead Independent Director and the Directors, acknowledgment of desired changes. • Changes to the internal rules of the Board of Directors and existing Committees (notably in order to take regulatory changes into account and within the context of the acquisition of Bombardier Transportation). • Creation of a new Integration Committee: composition and approval of the internal rules. • Review of the Board's annual work plan and schedule of 2021 Board meetings and Committee meetings. • Review of regulated agreements and (during the first Board meeting in the 2021/22 fiscal year) review of the implementation of the procedure for evaluating ordinary course agreements entered into under arm's length terms. • Review of changes to the Leadership Team within the framework of the new Group and individual presentations of certain members. • Two meetings held outside the presence of the Chairman & CEO (executive sessions) addressing the effectiveness of governance, the implementation of the strategy and the Chairman & CEO's compensation. • Decision to renew the appointments of the principal Statutory Auditors which are expiring at the end of the 2021 General Meeting and to not renew the appointments of the alternate Statutory Auditors whose terms are expiring at the end of that same General Meeting (not replaced).
Compensation	<ul style="list-style-type: none"> • Compensation policy: <ul style="list-style-type: none"> ▪ setting the compensation policy applicable to the Chairman & CEO and proposed modification submitted to the Combined General Meeting held on 29 October 2020 regarding the creation of a special performance share plan in relation to the integration of Bombardier Transportation; ▪ setting the compensation policy applicable to members of the Board of Directors. • Setting the amount of the Chairman & CEO's variable compensation for the 2019/20 fiscal year in light of the attainment of personal and financial objectives and definition of the objectives to be used to determine his variable compensation for the 2020/21 fiscal year. • Review of the achievement of the performance conditions of the performance share plan vesting 19 May 2020 (PSP 2017).
Ethics and Compliance	<ul style="list-style-type: none"> • Presentation of the Group's ethics and compliance programme, strategy and three-year vision. • Presentation of the deployment of the Alstom compliance programme to cover the Group as a whole.
Sustainable development	<ul style="list-style-type: none"> • Within the context of an industrial site visit by the Board of Directors (Valenciennes site): review of sustainable development objectives and the associated action plans (notably in the context of combatting climate change) relating to products and production processes, along with site visits and special presentations. • Presentation of the human resources and talent pool policies: <ul style="list-style-type: none"> ▪ diversity and inclusion; ▪ diversity policy within the governing bodies and associated action plans.
Universal Registration Document and General Meetings	<ul style="list-style-type: none"> • Review and approval of the 2019/20 Universal Registration Document and its two amendments and related securities notes. • General Meetings: <ul style="list-style-type: none"> ▪ approval of the agenda, resolutions and meeting notice for the Annual General Meeting of 8 July 2020, delegation to the Chairman & CEO to decide the organization (behind closed doors); ▪ approval of the agenda, resolutions and meeting notice (behind closed doors) for the special meeting of holders of shares carrying double voting rights and Combined General Meeting of 29 October 2020 in the context of the acquisition of Bombardier Transportation; ▪ monitoring of regulatory changes and market practice in view of ensuring enhanced information and protection of shareholder rights within the context of the 2021 General Meeting (if held behind closed doors).

Audit Committee

Composition

As at 10 May 2021, the Audit Committee has three members: Ms Sylvie Rucar, Committee Chair, Ms Clotilde Delbos and Caisse de Dépôt et Placement du Québec, represented by Ms Kim Thomassin.

Two out of the three members of this Committee are independent, including its Chair. This composition complies with the AFEF-MEDEF Code, which Code recommends that two-thirds of Audit Committee members be independent.

The members of the Audit Committee have specific expertise in financial, accounting or statutory audit matters due to their education or professional experience, as described in their biographies.

Duties

Acting under the authority of the Board of Directors, the general purpose of the Audit Committee is to assist the Board with overseeing issues relating to the preparation and control of financial and accounting information. In particular, the Audit Committee is responsible for monitoring (i) the process through which financial information is prepared, (ii) the effectiveness of internal controls and risk management systems, and (iii) the statutory auditing of the annual and consolidated accounts by the Statutory Auditors and the independence of such Statutory Auditors.

In particular, the Audit Committee ensures: (i) the regularity and accuracy of and fair view provided by the Company's financial information and any other information or financial report communicated to shareholders, the public and securities market authorities; (ii) the Company's compliance with applicable legal and regulatory obligations regarding financial information; and (iii) the proper functioning of the Company's internal audit function.

In the framework of its duties, as stated in its internal rules (as amended by an 8 July 2020 decision of the Board of Directors) the Committee is responsible for:

- examining the scope of consolidation, the draft consolidated and company financial statements and the related reports that will be submitted to the Board's approval, and the special report of the Statutory Auditors, and to discuss such documents with General Management and the Statutory Auditors;
- examining with General Management and the Statutory Auditors the generally accepted accounting principles and various accounting treatments used to prepare the accounts, along with any changes to such accounting principles, methods and rules, while monitoring that such principles continue to be relevant;
- examining and monitoring the process of producing and processing the financial and accounting information used to prepare the financial statements;
- evaluating the validity of the methods selected for processing significant transactions as well as transactions during which a conflict of interest could have occurred;

- examining General Management's presentation on risk exposure (including legal risks) and significant off-balance sheet commitments at the time the Audit Committee reviews the accounts;
- reviewing and evaluating – at least annually – the effectiveness of the internal control procedures and risk management procedures in place, including those associated with the development and treatment of financial and accounting information; the Audit Committee ensures that the main risks are identified, managed, and made known to the Audit Committee. In particular, the Audit Committee will seek the opinion of the Ethics & Compliance Committee on the risk map as it relates to ethics and compliance and on the main procedures in place for preventing the identified risks;
- examining and reviewing on an annual basis the organisation and operation of internal audit function; the Audit Committee approves the internal audit programme, monitors its development and the results of action plans;
- reviewing with the Statutory Auditors the nature, scope, and results of their audit and the work they performed, their comments and suggestions, in particular those relating to internal control and risk management procedures, to accounting practices and to the internal audit programme;
- conducting the bid procedure for the selection of Statutory Auditors and providing the Board of Directors a recommendation on the Statutory Auditors proposed for appointment/renewal to the General Shareholders' Meeting and on the amount of fees the Company intends to pay them;
- approving the Statutory Audit Charter governing relations with the Statutory Auditors and examining, on an annual basis, the amount of the fees paid by the Group to the networks to which such Statutory Auditors belong, including services other than account certification authorised by European Regulation No. 537/2014 of 16 April 2014 and French regulations;
- overseeing the Statutory Auditors' independence, examining with such Auditors, as appropriate, the risks that could impact their independence and the safety measures undertaken to mitigate those risks, and granting prior approval for any services other than account certification referred to in the preceding paragraph that may be entrusted to them (any other service being excluded).

The Audit Committee may also perform any other assignment the Audit Committee or the Board of Directors deems necessary or appropriate. The Audit Committee is entitled to seek any external assistance it may deem necessary.

Unless the Audit Committee decides otherwise, the Statutory Auditors are present at all meetings.

Activity of the Audit Committee during 2020/21 fiscal year

Number of meetings

2020/21 fiscal year	2019/20 fiscal year	2018/19 fiscal year
4	4	4

Attendance rate	Individual rate of attendance during the 2020/21 fiscal year
Ms Sylvie Rucar	100% (4/4 meetings)
Ms Clotilde Delbos	100% (4/4 meetings)
Bouygues SA (represented by M. Pascal Grangé) until 29 January 2021	66.7% (2/3 meetings)
CDPQ (represented by Ms Kim Thomassin) commencing 29 January 2021	100% (1/1 meeting)
Overall average attendance rate	91.68%
Overall average attendance rate during the 2019/20 fiscal year	100%
Overall average attendance rate during the 2018/19 fiscal year	85%

The Chief Financial Officer, the VP Internal Audit and Risk Management, the VP Accounting, the VP Group Performance Management in charge of controlling and two representatives from each of the two Statutory Auditor firms attended all four meetings. The Head of Treasury and the Group General Counsel attended two meetings and the Head of Tax attended one meeting.

The Audit Committee addressed the following areas during its various meetings, which the Committee Chair reported on at the following Board Meeting:

Subject areas	Activity
Accounting and finance	<ul style="list-style-type: none"> • Examination of the consolidated half-year and annual accounts, examination of the annual company accounts (accounts, notes and management report), including detailed presentations by the Finance Department of the principal risks facing the Group (risks linked to the activity, contract performance, and principal disputes), changes in cash position, off-balance sheet commitments and provisions. • Review of the 2019/20 Universal Registration Document and, more specifically, the chapter relating to risks. • <i>Ad hoc</i> review of the Group's accounting policy and the enhancement of financial and accounting controls. • <i>Ad hoc</i> review of the key phases of the integration of Bombardier Transportation from a financial point of view.
Risks	<ul style="list-style-type: none"> • Presentation by the Head of Internal Audit of the updated risk map analysing the evolution of the principal risks since the previous fiscal year and detailing the mitigation plans put in place. • Presentation of the Enterprise Risk Management programme deployment plan for the 2021/22 fiscal year. • In-depth review of the risk management and mitigation arrangements addressing the Group's 10 main risks.
Audit and internal control	<ul style="list-style-type: none"> • Review of the prior year's internal audit programme and the principal lessons learned from such programme and monitoring the progress of corrective measures arising from the completed audits. • Presentation of the 2020/21 audit plan. • Review of the internal control procedures implemented within the Group and the internal control evaluation carried out by the Company through annual evaluation questionnaires. • Presentation of the detailed results of the annual internal control programme and of the action plans undertaken to improve internal controls and risk control, eliminate weaknesses and ensure compliance with applicable regulations.
Statutory Auditors	<ul style="list-style-type: none"> • Report of the Statutory Auditors on the half-year and annual financial statements. • Statutory Auditors' observations and recommendations on internal control. • Examination of the amount of fees paid to the Statutory Audit firms in respect of the past fiscal year and verification of the compliance of the missions carried out with the directives of the Statutory Auditors' Charter, which governs the relationship between the Company and its Statutory Auditors. • On the basis of the presentations by General Management and the Statutory Auditors, the Audit Committee verified the relevance of the accounting methods and treatments used in connection with the financial statements. • Recommendation to the Board of Directors to renew the appointments of the principal Statutory Auditors which are set to expire at the end of the 2021 General Meeting and to not renew the appointments of the alternate Statutory Auditors which are set to expire at the end of the same General Meeting (not replaced).

Nominations and Remuneration Committee

Composition

As at 10 May 2021, the Nominations and Remuneration Committee has four members: Mr Yann Delabrière, Lead Independent Director and Committee Chair, Mr Frank Mastiaux, Ms Sylvie Rucar and Mr Baudouin Prot.

All of the members of the Nominations and Remuneration Committee are independent, which complies with the AFEP-MEDEF Code's recommendation to have a majority of independent members on the Committees in charge of nominations and remuneration.

Duties

As stated in its Internal Rules (as reviewed by the Board of Directors meeting held on 8 July 2020), the Nominations and Remuneration Committee reviews and makes recommendations and proposals to the Board on the following subjects:

- the Group's application of the corporate governance principles the Company abides by, notably regarding the policy on the compensation of executive corporate officers. The Nominations and Remuneration Committee gives an opinion to the Board on the section of the Annual Report dedicated to informing shareholders about these matters and on the Board's work;
- the Board and Board Committees' composition and functioning (including the Nominations and Remuneration Committee);
- the definition of the concept of independent Director applied by the Company and the list of independent Directors, which will be included in the Company's Annual Report;
- the separation or combination of the duties of Chairman of the Board and of Chief Executive Officer of the Company;
- the nomination (or dismissal) of the Chairman of the Board and of the Chief Executive Officer;
- the nomination of new Directors, including in the event of unforeseeable vacancy; in particular, the Committee organises an appropriate procedure for selecting future independent Directors and carries out its own research on potential candidates prior to their being approached;

- the creation of a formal evaluation process for the work methods of the Board of Directors and the Committees of the Board of Directors;
- the nomination (or dismissal) upon the proposal of the Chief Executive Officer of any other executive corporate officers of the Company or members of the Leadership team;
- the preparation of the annual evaluation of the executive corporate officers;
- the succession plans for the Company's executive corporate officers;
- all the elements comprising the compensation policy applicable to the Company's executive corporate officers and the implementation of that policy, including any award of stock options or performance-based shares, as well as compensation and benefits of any kind (including pensions and termination benefits) paid by the Company or other Group companies. The Nominations and Remuneration Committee notably reviews and defines the rules for determining the variable portion of such compensation, ensures their consistency with the annual performance evaluation of executive corporate officers and Alstom's strategy, and subsequently monitors the implementation of these rules;
- the definition or validation of the Leadership Team's compensation (particularly the variable portion) and the annual evaluation of Executive Committee members;
- the Company's general policy relating to compensation plans based on shares in the Company (share subscription or stock options, performance-based shares, free shares, etc.), including the frequency of awards and the beneficiaries;
- the Company's general policy relating to employee shareholding schemes and any proposed schemes;
- the Directors' compensation and applicable allocation rules; and
- the analysis of any other issues at the request of the Board of Directors or at its own initiative.

Activity of the Nominations and Remuneration Committee during 2020/21 fiscal year

Number of meetings

2020/21 fiscal year	2019/20 fiscal year	2018/19 fiscal year
5	6	5

Attendance rate	Individual rate of attendance during the 2020/21 fiscal year
Mr Yann Delabrière	100% (5/5 meetings)
Mr Gérard Hauser, until 8 July 2020	100% (1/1 meeting)
Mr Frank Mastiaux, commencing 8 July 2020	100% (4/4 meetings)
Mr Baudouin Prot	100% (5/5 meetings)
Ms Sylvie Rucar	100% (5/5 meetings)
Overall average attendance rate	100%
Overall average attendance rate during the 2019/20 fiscal year	100%
Overall average attendance rate during the 2018/19 fiscal year	80%

The Nominations and Remuneration Committee addressed the following matters at its various meetings, which the Committee's Chair reported on at the following Board of Directors meeting:

Subject area	Activity
Governance	<ul style="list-style-type: none"> • Composition of the Board of Directors: <ul style="list-style-type: none"> ▪ proposed nomination of Mr Frank Mastiaux (at the end of a selection process conducted throughout the previous fiscal year); ▪ review of the backgrounds of the Directors and Censor proposed by Caisse de Dépôt et Placement du Québec in the framework of the acquisition of Bombardier Transportation; ▪ review of the backgrounds of the two Directors representing the shareholders nominated in accordance with Article L. 225-27-1 of the French Commercial Code and article 9-A of the Articles of Association and proposal on the terms of exercise applicable to their appointments (time dedicated, training, compensation); ▪ recommendation to the Board of Directors on the reconstitution of Committees. • Review of Director independence, in particular within the framework of the nomination of the two Directors proposed by Caisse de Dépôt et Placement du Québec and recommendation to the Board of Directors. • Review of the Lead Independent Director's activity during the last fiscal year (the conclusions from the exchanges with investors and proxy advisors that took place throughout the year, in particular). • Steering of the evaluation exercise regarding the functioning of the Board and its Committees in respect of the 2020/21 fiscal year, which was carried out on the basis of an internal questionnaire and individual meetings between the Lead Independent Director and the Directors / Approval of the conclusions for subsequent presentation to the Board of Directors. • Changes to the Committee's internal rules to take regulatory changes into account. • Consultation on the creation of a new Leadership team put in place after the acquisition of Bombardier Transportation, monitoring of changes to the team and of the talent pool. • Review of the corporate governance chapter of the 2019/20 Universal Registration Document.
Compensation	<ul style="list-style-type: none"> • Recommendation to the Board of Directors concerning the compensation policy applicable to the Chairman & CEO and modification regarding the creation of a special performance share plan tied to the integration of Bombardier Transportation. • Recommendation to the Board of Directors concerning the compensation policy applicable to Directors. • Review and recommendation to the Board regarding the amount of the Chairman & CEO's variable compensation in respect of the 2019/20 fiscal year. • Review and recommendation to the Board regarding the amount of the Chairman & CEO's variable compensation in respect of the 2020/21 fiscal year. • Analysis of the components of the compensation fairness ratio (<i>ratio d'équité</i>). • Presentation and approval of the compensation paid to the Leadership Team. • Examination of the achievement of performance conditions under the performance share plan vesting 19 May 2020 (PSP 2017) and examination of the performance conditions of PSP 2021 and the special performance share plan tied to the integration of Bombardier Transportation.
Diversity, inclusion and succession planning	<ul style="list-style-type: none"> • Review of the succession plan for the Leadership Team and talent pool. • Diversity policy applicable to the management bodies and related action plans.
Relations with investors and proxy advisors / legal matters	<p>In view of deploying all necessary measures/procedures, regular information:</p> <ul style="list-style-type: none"> • concerning the content and conclusions of the Lead Independent Director's discussions with investors and proxy advisors, and • regarding any relevant regulatory change or market practice regarding corporate governance (holding meetings behind closed doors, governance and sustainable development, etc.) and compensation.

Ethics & Compliance Committee

Composition

As at 10 May 2021, the Ethics & Compliance Committee has three members: Ms Sylvie Kandé de Beauvry (Committee Chair), Ms Bi Yong Chungunco and Mr Baudouin Prot.

On the date hereof, all the members of the Ethics & Compliance Committee are independent.

Duties

Following the Board functioning evaluation exercise in respect of the 2019/20 fiscal year, the Ethics, Compliance and Sustainable Development Committee was renamed the Ethics & Compliance Committee. This Committee now focuses on ethics and compliance only and is also

intended to address subjects relating to managing human and social rights. The Board of Directors is now responsible for all sustainable development matters, including environmental issues. These changes in scope had an impact of the Board's agenda and resulted in the direct inclusion of sustainable development issues (including environmental issues) on the Board's agenda twice per year. Ethics and compliance issues are also included on the Board's agenda twice per year.

Thus, under its internal rules (as amended by an 8 July 2020 decision of the Board of Directors), the Ethics & Compliance Committee is responsible for examining and making recommendations or proposals to the Board of Directors regarding ethics and compliance issues only, as well as on the management of human and social rights. The Committee reviews and monitors the Company's policies and the systems and procedures in place to implement those policies and provides the Board of Directors with its views.

The Ethics & Compliance Committee is responsible for the following:

- reviewing the definition of the Group's core values and its ethics and compliance policy;
- reviewing the organisation of the Ethics and Compliance function and making recommendations as appropriate;
- reviewing the Group's Code of Ethics and the rules and procedures put in place (including those governing relationships with third parties); the Ethics & Compliance Committee is informed of the plans for their promotion and implementation;
- receiving on an annual basis a presentation on the Group's risk map concerning ethics and compliance; the Ethics & Compliance Committee reviews the risks thus identified and is kept informed of their evolution and of the characteristics of the arrangements used to manage such risks;
- receiving from the Head of Ethics and Compliance a presentation on the Company's annual activity report regarding ethics and compliance and actions undertaken; reviewing and providing its opinion on the action plan for the following year and monitoring its development;
- the Ethics & Compliance Committee is informed of any potential breaches of the ethics and compliance policy, and reviews the action plans implemented following such breaches;
- examining relationships with stakeholders regarding over ethics issues;
- examining the human resources policies, their objectives and results in the areas of diversity, professional equality and human rights in the broad sense.

If necessary, the Ethics & Compliance Committee sends the Audit Committee information on ethics and compliance that it deems necessary in connection with the risk map.

Until July 2020, the scope of the Committee's jurisdiction also included sustainable development. Therefore, the Committee was also responsible for:

- examining the Group's environmental policies and management systems, human resource policies, policies with respect to relationships with stakeholders (customers, suppliers, local communities);
- receiving on an annual basis the presentation of the Group's risk map as it concerns social responsibility and sustainable development issues and reviewing the risks thus identified, while being kept informed of their evolution and of the characteristics of systems for managing such risks;
- reviewing and assessing the reporting and control procedures on non-financial indicators (environmental, health and safety, social reporting and indicators used);
- reviewing the main lines of the Company's communications to shareholders and other stakeholders on corporate responsibility and sustainable development; the Ethics & Compliance Committee was also responsible for reviewing the annual Board of Directors' draft report on the social and environmental impact of the Company's operations and provided the Board with its opinion on such report;
- reviewing and monitoring the ratings received by the Group from non-financial rating agencies.

Activity of the Ethics & Compliance Committee during 2020/21 fiscal year

Number of meetings

2020/21 fiscal year	2019/20 fiscal year	2018/19 fiscal year
3	5	3

Attendance rate	Individual rate of attendance during the 2020/21 fiscal year
Ms Sylvie Kandé de Beaupuy	100% (3/3 meetings)
Ms Bi Yong Chungunco	100% (3/3 meetings)
Mr Gérard Hauser, until 8 July 2020	100% (1/1 meetings)
Mr Baudouin Prot, commencing 8 July 2020	100% (2/2 meetings)
Overall average attendance rate	100%
Overall average attendance rate during the 2019/20 fiscal year	93%
Overall average attendance rate during the 2018/19 fiscal year	100%

The Group General Counsel and the Chief Compliance Officer attended the three Committee meetings and the Head of Sustainable Development attended the Committee meeting held before the change in the Committee's scope.

The Ethics & Compliance Committee addressed the following areas in its various meetings, which the Committee's Chair reported on at the following Board of Directors meeting:

Subject area	Activity
Ethics & Compliance	<ul style="list-style-type: none"> • Bombardier Transportation integration plan from an ethics and compliance point of view. • Group's Ethics and Compliance goals and performance indicators over the 2020/21 fiscal year. • Status of the implementation of the Alstom Integrity Programme, including the new 2020 Code of Ethics, the Group's instructions, training and awareness efforts, and the deployment of additional resources to the Company's Ethics and Compliance Department, notably in light of the expansion of that Department's jurisdiction to cover competition and human rights law and the acquisition of Bombardier Transportation. • Results of fourth audit of the ISO 37001 standard for Anti-Bribery Management Systems and renewal of the certification of all of the Group's regions until 2023. • Review of the Group's risk map with respect to ethics, compliance and competition issues. • Information about the progress of past and/or pending procedures and investigations.
Sustainable development	<ul style="list-style-type: none"> • Information about the evaluations conducted by non-financial ratings agencies. • Monitoring of Group performance in terms of sustainable development, the environment and workplace safety. • Review of the main non-financial indicators used by the Group. • Review of the "Sustainable Development" section of the 2019/20 Universal Registration Document.

Integration Committee

Composition

As at 10 May 2021, the Integration Committee has four members: Mr Frank Mastiaux, Committee Chair, Bouygues SA represented by Mr Pascal Grangé, Caisse de Dépôt et Placement du Québec represented by Ms Kim Thomassin, and Mr Serge Godin, independent Director.

Its composition is then compliant with its internal rules which provide that it shall be composed of four members, out of which two members at least must be Independent Directors on the Board of Directors and one must be proposed by Caisse de Dépôt et Placement du Québec.

Duties

Under its internal rules, the Integration Committee must facilitate and steer Bombardier Transportation's integration within Alstom. The Committee acts as a body that allows the Chairman & CEO to comprehend the issues surrounding the integration of the two companies. The Committee will assess the impacts of the integration over the short-, medium- and long-term.

In particular, the Integration Committee may examine (list not exhaustive):

- the values, culture and commitment of the employees;
- the convergence of the product portfolio;
- the optimisation of the industrial footprint;
- evaluation of synergies.

Activity of the Integration Committee during 2020/21 fiscal year

The Committee, which was created effective 29 January 2021, held one meeting during the fiscal year. The Chairman & CEO attended the meeting.

Attendance rate	Individual rate of attendance during the 2020/21 fiscal year
Mr Frank Mastiaux	100% (1/1 meeting)
Bouygues SA, represented by Mr Pascal Grangé	– (0/1 meeting)
CDPQ represented by Ms Kim Thomassin	100% (1/1 meeting)
Mr Serge Godin	100% (1/1 meeting)
Overall attendance rate	75%

The Integration Committee discussed the following subject areas during this meeting. The Chair of the Integration Committee provided a report on this meeting to the following meeting of the Board of Directors:

- Committee organisation and operation (internal rules, nomination of the secretary);

- update on the ongoing integration programme and review of priorities;
- focus on the interim procedures in place, the organisation and value creation;
- review of risks.

Annual assessment of the functioning of the Board and of the Committees; follow-up

Since 2004, pursuant to its internal rules the Board has carried out annually an assessment exercise over its organisation and functioning and that of its Committees. This assessment is based on a questionnaire prepared by the Nominations and Remuneration Committee and sent to each Director. In addition, in accordance with the recommendations of the AFEP-MEDEF Code, every three years a formal evaluation is carried out by an independent expert at the Nominations and Remuneration Committee's initiative.

As the assessment for 2019/20 was carried out externally by Russell Reynolds Associates, the assessment for the 2020/21 fiscal year was conducted in house and was based on a questionnaire sent to each Director and on individual meetings between the Lead Independent Director and each Director, and included an evaluation of each Director's individual contribution in the form of a self-evaluation.

The main findings of this assessment were acknowledged by the Nominations and Remuneration Committee meeting held on 9 March 2021 and presented to the Board meeting held on the same date and are as follows:

In general, the Directors expressed a very positive opinion regarding all areas subjected to the evaluation.

Subject area	Finding	Areas for progress/change
Composition of the Board of Directors	The size of the Board of Directors must allow the current high quality of its work to be maintained at all times, and in particular the ability for all members to participate in discussions and decisions equitably. In any event, the composition of the Board in terms of expertise, gender and international diversity is considered to be adequate.	Digital, and managerial/operational competencies and competencies relating to emerging countries could serve as a basis for selecting new Directors.
Functioning of the Board of Directors	Agendas They adequately reflect the Company's and Board of Directors' needs. Work methods and decision-making process within the Board The Board is steered and facilitated very effectively by the Chairman of the Board, notably as regards the quality of the discussions, the information communicated by management, the ability of all Board members to take part individually in decisions, and the quality of the decision-making process. Documents submitted to the Board of Directors The high quality of the documents made available to the Board is highly appreciated.	Directors continue to view strategy, the integration of Bombardier Transportation and sustainable development as major areas of interest. All Directors are eagerly awaiting the return to in-person meetings, which facilitate interaction and dialogue, as soon as the public health situation allows. Certain documents, in particular with technical content, could be made more concise.
Combination of the positions of Chairman & Chief Executive Officer and the role of the Lead Independent Director	See the information presented at the beginning of the chapter regarding the General Management.	
Board and Committees	The coordination between the Board and the Committees is adequate, and the quality of Audit Committee meetings is particularly applauded. The Ethics & Compliance Committee's new scope of jurisdiction, now concentrating on those areas only, is viewed positively, particularly in the framework of the integration of Bombardier Transportation.	The Audit Committee could legitimately do with an additional member. The dialogue about the talent pool between management and the Nominations and Remuneration Committee must continue, particularly in the context of the integration of Bombardier Transportation.
Strategy	The definition of the Company's strategic agenda and the implementation of that agenda by the Chairman & CEO (from Siemens to AiM, to the achievement of the acquisition of Bombardier Transportation) are unanimously praised, particularly the management of relationships with Directors and decision-making.	Beyond the integration of Bombardier Transportation, the medium/long-term strategic orientations are the priorities, so as to make Alstom the lasting leader in mobility.

COMPENSATION OF CORPORATE OFFICERS

The following information was prepared in accordance with Articles L. 22-10-8, L. 22-10-9, L. 22-10-34 and R. 22-10-14 of the French Commercial Code in particular.

At the 2021 Shareholders' Meeting, the following resolutions will be submitted to a vote of the shareholders:

- approval of the compensation policy applicable to the Chairman & Chief Executive Officer;
- approval of the compensation policy applicable to members of the Board of Directors;
- approval of information relating to the compensation of the Chairman & Chief Executive Officer and of the members of the Board of Directors referred to in point I of article L. 22-10-9 of the French Commercial Code;
- approval of the fixed, variable and exceptional components making up the total compensation and benefits of any kind paid during the fiscal year ended 31 March 2021 or granted in respect of such fiscal year to the Chairman & Chief Executive Officer.

The amounts resulting from the implementation of the compensation policy of the Chairman & Chief Executive Officer and of the compensation policy of the members of the Board of Directors for the 2021/22 fiscal year will be presented to shareholders' approval at the 2022 Shareholders' Meeting which will approve the 2021/22 financial statements.

Guiding principles of the compensation policy applicable to Corporate Officers

1. Definition, review and implementation of the compensation policy

Definition

The compensation policy applicable to corporate officers is set by the Board of Directors on the recommendation of the Nominations and Remuneration Committee and is then annually submitted to the shareholders for approval. The responsibilities of the Nominations and Remuneration Committee in this respect are defined in its internal rules. The Board of Directors and the Nominations and Remuneration Committee take care to study the comments on compensation issues that shareholders and proxy advisors may have made during governance roadshows that took place during the most recently ended fiscal year.

This definition process applies to both the compensation policy applicable to the Chairman & Chief Executive Officer and to the policy applicable to members of the Board of Directors.

The compensation policy applicable to corporate officers is established within the framework of the recommendations of the AFEP-MEDEF Code to which the Company refers. In particular, the principles underlying the compensation policy applicable to the Chairman & Chief Executive Officer, which form the basis of the Board's and the Nominations and Remuneration Committee's deliberations, are as follows:

- **Balance.** The Chairman & Chief Executive Officer's compensation consists of a fixed annual portion, an annual variable cash portion and an annual grant of performance shares. The Board of Directors ensures that these three components remain balanced and that short- and long-term variable elements directly linked to the performance of the Group and the executive dominate. The Board of Directors takes into account all the components of the Chairman & Chief Executive Officer's compensation in the overall assessment of the financial terms of his mandate.

- **Performance.** The compensation policy applicable to the Chairman & Chief Executive Officer is mainly founded on variable compensation, the objectives of which are aligned with those of the Company, thereby ensuring that the majority of compensation is based on the implementation of the Company's strategy. With regard to its short-term component (cash), the variable compensation is based on overall and individual objectives that are strictly aligned with the Group's short-term objectives. Its long-term component (performance shares) is based on performance conditions, the achievement of which are assessed after at least three years and which are consistent with the Group's long-term objectives, such as those established in the framework of the Alstom in Motion strategic plan.
- **Transparency.** The Company makes public all components of the Chairman & Chief Executive Officer's compensation. To the extent they are not considered to be confidential vis-à-vis the Company's competitors (who, for the most part, are not listed and are therefore not subject to the transparency obligations assumed by the Company and which are tied to its listing), the objectives to be reached and the results achieved are disclosed in detail. This transparency principle also underlies the compensation policy applicable to the members of the Board of Directors.
- **Demanding.** The performance criteria and conditions on which the variable portion of compensation is based are defined by the Board of Directors with the aim of ensuring alignment with best market practice, based on analyses of a panel of companies in the CAC 40 and SBF 120 of comparable size (in terms of market capitalisation and revenues) and/or with comparable activities as well as certain foreign companies in the aim of obtaining an international perspective. The Board of Directors also ensures that substantial coherence is maintained with the compensation arrangements and conditions governing the Group's other employees (through a uniform variable compensation structure applicable to all of Alstom's senior management, in particular).

Relying on these principles, the compensation policy seeks to produce a clear, motivating and coherent framework that is at the service of the Group's ambitions and contributes to achieving its industrial and commercial strategy and Alstom's sustainability, in strict compliance with its corporate interest.

Review

The corporate officer compensation policy is crafted to ensure **stability**. Thus, the compensation policy applicable to the Chairman & Chief Executive Officer is reviewed by the Nominations and Remuneration Committee each year so as to measure its effectiveness, confirm that it is aligned with the Group's strategy, factor in the compensation and employment conditions applicable to Group employees, analyse the shareholders' vote outcomes on compensation during Shareholders' Meetings as well as comments on compensation shareholders and proxy advisors made during governance roadshows and, as the case may be, issue recommendations and proposals to the Board.

The Nominations and Remuneration Committee may have recourse to studies produced by outside advisors to inform itself about changes in market practice.

Implementation

The compensation policy is strictly implemented by the Board of Directors in accordance with the resolutions adopted by the General Meeting. No payment, award or commitment may be carried out or made by the Board if it contravenes the compensation policy approved by the shareholders, under penalty of nullity.

For example, on the Nominations and Remuneration Committee's recommendations, at the beginning of the fiscal year, the Board sets the performance criteria attached to the Chairman & Chief Executive Officer's annual variable compensation, and during the fiscal year, the characteristics of any free performance share grant plan that may be implemented (notably for the Chairman & Chief Executive Officer's benefit) in compliance with all the compensation policy's guiding principles and the provisions contained in the compensation policy applicable to the Chairman & Chief Executive Officer as approved by the shareholders for the fiscal year in question.

2. Method for evaluating performance criteria

No later than the Board meeting at which the fiscal year's accounts are approved, on the recommendation of the Nominations and Remuneration Committee, the Board assesses the achievement level for the performance criteria to which the Chairman & Chief Executive Officer's annual variable compensation is subject. Most of these criteria – between 60% to 70% of them – relate to the Group's financial performance or are tied to the Group's social and environmental ambitions and are therefore, by their essence, quantifiable. The other objectives (between 30% and 40%) are individual in nature, all while maintaining a strictly quantifiable character since they are tied to the implementation of specific action plans.

The Board of Directors benefit from a discretionary power when applying the compensation policy so as to ensure that the Chairman & Chief Executive Officer's actual annual variable compensation properly reflects the Group's performance. If the Board were to decide, on the Nominations and Remuneration Committee's proposal and in the context of exceptional circumstances, to use this discretionary power, it would continue to comply with the principles set out in the compensation policy and provide shareholders with a clear, specific and comprehensive explanation of its choice. This discretionary power would only apply to a limited portion of the annual variable compensation and could increase or decrease the amount of the bonus theoretically achieved - in accordance with the performance criteria – in respect of the fiscal year (*i.e.*, maximum magnitude of plus or minus 15%) and without ever exceeding the global cap provided for in the compensation policy.

On the recommendation of the Nominations and Remuneration Committee, as soon as possible after the financial statements for the fiscal year are approved, the Board of Directors also officially notes the achievement level for the performance conditions that are tied to the Chairman & Chief Executive's long-term variable compensation (performance shares) whose performance period is expiring. These performance conditions are fully quantifiable.

3. Management of conflicts of interest

The Company complies with the AFEP-MEDEF Code's recommendations on the management of conflicts of interest. The Company's Director's Charter, as published in a schedule to the Board's internal rules, specifies the obligations of all Directors and Censor aimed at preventing any conflict of interest in the performance of their appointment. The charter clearly defines the duties to consult and disclose imposed on each Director, Censor and the executive corporate officer before engaging in any activity or accepting any position or mission that may place him/her in a conflict of interest situation (even potential). This charter also requires all Directors and Censor to resign in the event of a conflict of interest that cannot be resolved to Board's satisfaction.

In this same context, the Lead Independent Director is asked to take preventive steps to raise awareness among the Directors and Censor regarding conflicts of interest and to examine with the Chairman of the Board any potential conflict of interest.

When setting the Chairman & Chief Executive Officer's compensation, the Chairman & Chief Executive Officer may not take part in the Board's deliberations or in the vote.

4. Amendment of the compensation policy and application to newly appointed corporate officers

The 2021/22 compensation policy for the Chairman & Chief Executive Officer presented to the 2021 Shareholders' Meeting includes the following amendments to the 2020/21 compensation policy approved by the shareholders at the General Meetings held on 8 July 2020 and 29 October 2020:

- It is noted that the general Shareholders' Meeting of 29 October 2020 approved by nearly 89% a change in the compensation policy applicable to the Chairman & Chief Executive Officer (3rd resolution) as such policy had been approved by the General Shareholders' meeting of 8 July 2020: the approved change, which was exceptional and non-recurring, was intended to provide compensation for, in the form of the grant of performance shares in 2021 once the acquisition of the entities making up Bombardier Inc.'s transportation business closed, the success of the transformative transaction and the integration of the combined group. Practically speaking, these shares are to be granted under a plan implemented by the Board of Directors in July 2021, thus using the authorisation given by the General Meeting of 10 July 2019 (14th resolution) to proceed with grants of free shares.

Thus, on the Nominations and Remuneration Committee's proposal, the Board of Directors proposes to the 2021 General Meeting that this component not be renewed in the compensation policy applicable to the Chairman & Chief Executive Officer in accordance with what was indicated in Amendment No. 1 to the Company's 2019/20 Universal Registration Document (page 43).

- On the Nominations and Remuneration Committee's proposal, the Board of Directors meeting held on 10 May 2021 decided (subject to the approval of the 2021 General Meeting) to increase the Chairman & Chief Executive Officer's gross annual fixed compensation to €950,000 commencing with the 2021/22 fiscal year, *i.e.*, an 11.8% increase, with retroactive effect as of 1 April 2021.

The Board of Directors considered that such an increase was justified in light of various factors:

- a positioning in relation to the market (before the increase) that is below the median compensation resulting from a comparative study carried out by an independent firm and that is inconsistent with Group's size and performance and Mr Henri Poupert-Lafarge's experience and individual performance. The comparative study in question was conducted on the basis of a panel of large companies belonging to the CAC 40 and the SBF 120 of which size, in terms of market capitalisation and revenues, and/or business are comparable to the Group's (PSA, Renault, St Gobain, Veolia Environnement, Bolloré, Safran, Michelin, Valeo, Eiffage, Thales, Faurecia, Technip FMC, Solvay, STMicroelectronics, Arkema, Groupe SEB, Dassault Aviation, Legrand, Bureau Veritas and Imerys) and was completed by a study on comparably sized German companies with comparable activities with a view to take into account the new footprint of the Group especially in Germany (Continental, RWE, EON, Siemens Energy, Knorr-Bremse, HeidelbergCement, MTU AeroEngines, KION Group, Rational and Man SE);
- the material change in the Group's size (from revenue, headcount and market capitalisation points of view) following the acquisition of Bombardier Transportation and the expansion of the Chairman & Chief Executive Officer's scope of responsibilities;
- the desire for this compensation to sit within a framework of long-term stability and to not make future adjustments over the next two years, at least.

The Chairman & Chief Executive Officer's gross annual fixed income is currently €850,000 and has been since the 10 July 2019 Shareholders' Meeting.

- Commencing with the 2021/22 fiscal year, the annual long-term incentive plans, which had up to then been granted during the last Board of Directors' meeting of the fiscal year in progress, will be granted by a Board of Directors' meeting held at the beginning of the following fiscal year. This change in the grant date, initially introduced in order to align with the new objectives of the Group (as announced during July 2021 investors' day) will be maintained for the following fiscal years, as it will especially allow more coherence with the schedule of assessment of the performance of the managers of the Group. This change has no impact on the date of assessment, by the Board of Directors, of the achievement of the performance conditions of the plans which will continue to take place after the end of the third fiscal year following the grant date.

Other than these modifications described above, the structure of the compensation policy applicable to the Chairman & Chief Executive Officer remains identical to the structure approved by the shareholders by more than 95% at the General Meeting held on 8 July 2020 (9th resolution).

Regarding the compensation policy applicable to members of the Board of Directors for the 2021/22 fiscal year, that policy includes all the rules that applied to them in the 2020/21 fiscal year as approved by the General Meeting held on 8 July 2020 by over 97% (10th resolution), with the exception of a drafting change aimed at making it possible for the newly created Integration Committee to receive compensation. Indeed, the current drafting, which specifically refers to the Audit Committee, the Nominations and Remuneration Committee, and the Ethics & Compliance Committee, does not allow for compensation for other Committees that may be created by the Board of Directors. Therefore, the reference to named Committees is deleted from the current policy as appropriate.

If a new corporate officer is nominated, the compensation policy applicable to him/her (the one that applies to the Chairman & Chief Executive Officer or the one that applies to the members of the Board of Directors), and as described hereafter, will apply.

Compensation policy applicable to members of the Board of Directors

1. General principles and criteria for distributing the amount allocated to members of the Board of Directors by the General Meeting

In accordance with the resolution approved by the shareholders at the Combined General Meeting held on 1 July 2014, the annual budget for compensating members of the Board of Directors was set at €1,300,000.

The principles governing the compensation of members of the Board of Directors are described in the Board's internal rules.

Thus, a fixed portion and a variable portion are allocated, with the variable proportion being proportional to Board members' attendance at Board and Committee meetings. The Chairs of the Committees and the Lead Independent Director benefit from an additional amount. Half of the fixed and variable portions of compensation are paid during the current fiscal year and the other half in the subsequent fiscal year.

The distribution rules, which were set by the Board, provide that, as from the 2019/20 fiscal year, a fixed portion of €30,000 (previously €27,500) is allocated to each member of the Board of Directors, as increased by an additional amount of €20,000 (€15,000 previously) for the Chair of the Audit Committee and of €15,000 (€10,000 previously) for the Chairs of the other Board Committees. The variable portion is allocated in the amount of €4,000 (€3,500 previously) for each Board meeting attended and €3,500 (€3,000 previously) for each Committee meeting attended. In addition, the annual amount allocated to the Lead Independent Director was set at €30,000 (€27,500 previously) by the Board.

On the Nominations and Remuneration Committee recommendation, at the 12 March 2019 Board meeting, the Board decided on these revaluations in order to bring the Company's practice in line with that of its peers. Indeed, the amounts tied to directorships and Committee meeting attendance had not changed since 1 October 2012, and the amount relating to the Lead Independent Director had not changed since 6 May 2014.

The Board of Directors meeting held on 10 May 2021 decided that these distribution rules also apply to the newly created Integration Committee (subject to the 2021 General Meeting's approval of the modified compensation policy applicable to members of the Board of Directors).

This compensation policy applies to all members of the Board of Directors (including those representing the employees) other than the Chairman & Chief Executive Officer, who does not receive any compensation with respect to the Board of Directors. In the case when a Censor is designated to attend Board of Directors' meetings, he/she does not receive any compensation.

2. Compensation policy for the 2021/22 fiscal year

For the 2021/22 fiscal year, members of the Board of Directors (other than the Chairman & Chief Executive Officer and the Censor) will receive:

- fixed annual compensation of €30,000;
- variable compensation of €4,000 per Board meeting the Board member attended;
- variable compensation of €3,500 per Committee meeting the Board member attended.

The fixed amounts are increased each year by €20,000 for the Chair of the Audit Committee and by €15,000 for each of the Chairs of any other Committee.

The Lead Independent Director receives fixed compensation of €30,000 per year.

In addition, Board members are reimbursed for the expenses incurred in connection with their appointment, notably travel and accommodation expenses.

In accordance with Article L. 22-10-8-II of the French Commercial Code, a resolution in respect of the compensation policy of the members of the Board of Directors will be submitted to the vote of 2021 Shareholders' Meeting, called to approve the 2020/21 financial statements.

Compensation policy applicable to the Chairman & Chief Executive Officer

1. General principles

Mr Henri Poupart-Lafarge has been the Alstom Group's Chairman & Chief Executive Officer since 1 February 2016. His current mandate was renewed for a four-year term by the General Meeting held on 10 July 2019. Since such General Meeting, Mr Henri Poupart-Lafarge is no longer bound to the Company or to any other Group company by an employment agreement.

The compensation policy applicable to the Chairman & Chief Executive Officer applies to the current Chairman & Chief Executive Officer, Mr Henri Poupart-Lafarge, and to any new executive corporate officer that may be appointed. Dictated by the guiding principles described above, this policy seeks to support the Company's strategy and to align the Chairman & Chief Executive Officer's interests with those of the shareholders and with stakeholders' expectations. In particular, the policy includes the following points, which were approved by the Board of Directors on the recommendation of the Nominations and Remuneration Committee:

- greater weight given to variable elements, in a "pay-for-performance" approach where performance criteria are strictly aligned with the Group's strategic priorities (including societal and environmental priorities);
- a significant portion of compensation is based on the long term (minimum period of three years);
- compensation for overperformance (which is capped, however);
- no exceptional compensation.

In order to set the Chairman & Chief Executive Officer's overall compensation and the level of its various components, the Nominations and Remuneration Committee issues recommendations that are supported by market studies from independent specialised firms (which enables a comparison with similar functions within, in particular, CAC 40 and SBF 120 companies to be made), but that also take care to maintain coherence with the internal practices applicable to Alstom's other senior executives and managers.

The various components of the Chairman & Chief Executive Officer's total compensation are as follows:

Fixed compensation

Fixed compensation is intended to recognise the significance and wide scope of the Chairman & Chief Executive Officer's responsibilities and his experience. This fixed compensation is set for a minimum period of two years, except in the case of a significant change in the scope of the Chairman & Chief Executive Officer's responsibilities or a substantial change in macro-economic conditions.

Short-term variable compensation

Short-term variable compensation is intended to motivate the Chairman & Chief Executive Officer to achieve annual performance objectives set for him by the Board of Directors, consistent with the Group's objectives.

This compensation is entirely tied to the achievement of performance criteria defined by the Board on the recommendation of the Nominations and Remuneration Committee. Whenever possible, the criteria achievement level is measured on the basis of performance indicators adopted more generally within the Company. This last point ensures that the nature of the selected criteria is relevant and aligned with the Company's strategy. At least one of these criteria takes social or environmental considerations into account.

Short-term variable compensation represents 100% of annual fixed gross compensation when the targets are strictly achieved and is capped, in the event of overperformance, at 170% of gross annual fixed compensation. No floor has been set.

The results achieved, the achievement level for each criterion and the amount of the short-term variable portion are determined by the Board no later than at the meeting during which the accounts for the fiscal year are approved. The Board of Directors benefits from a discretionary power when applying the compensation policy so as to ensure that the Chairman & Chief Executive Officer's actual annual variable compensation properly reflects the Group's performance. If the Board were to decide, on the Nominations and Remuneration Committee's proposal and in the context of exceptional circumstances, to use this discretionary power, it would continue to comply with the principles set out in the compensation policy and provide shareholders with a clear, specific and comprehensive explanation for its choice. This discretionary power would only apply to a limited portion of the annual variable compensation and could increase or decrease the amount of the bonus theoretically achieved – in accordance with the performance criteria – in respect of the fiscal year (*i.e.*, maximum magnitude of plus or minus 15%) and without ever exceeding the global cap provided for in the compensation policy. Thus, the Board of Directors could consider, on the recommendation of the Nominations and Remuneration Committee, that taking into consideration new circumstances appeared during the fiscal year -unpredictable at the time when the Board determined the compensation policy for the concerned exercise- and significantly impacting, upward or downward, the achievement level of the performance criteria attached to the annual variable compensation would comply with the compensation policy previously approved by shareholders. In such a case, the Board could decide, to a limited extent, to modify (in the framework described above) the amount of the annual variable compensation in order that it better reflect the actual performance of the Group.

Long-term variable compensation

Long-term variable compensation is intended to incentivise the Chairman & Chief Executive Officer (as well as the Group's other senior executives and managers) to achieve the Company's strategic objectives over the long term and to contribute to the alignment of the Company's interests with those of the shareholders.

Long-term variable compensation is achieved through performance share plans granted annually and which are entirely subject to the achievement of demanding internal and/or relative performance conditions that are based on simple and measurable key criteria of Alstom's strategy. The satisfaction of the performance conditions is determined after the end of the third fiscal year following the grant date. The Board is prohibited from finding that performance conditions have been achieved or delivering shares under a given plan before the end of such third fiscal year. The vesting of the shares is also subject to the Chairman & Chief Executive Officer's actual continued employment on the vesting date (except in the event of death, disability or retirement).

In the event of a major change in the Group's strategy or structure, the Board of Directors has committed to adapt these performance conditions to the new challenges highlighted for the coming years, both as regards the nature of the conditions and the results to be achieved, all while continuing to be highly demanding and transparent about those changes.

The long-term variable compensation that is thus defined and, as assessed according to IFRS 2, recognised in the consolidated financial statements is capped at one year of on-target short-term compensation, *i.e.* 200% of the fixed short-term compensation.

In addition, the total amount of annual grants to corporate officers may not exceed 2.5% of the overall amount authorised by the Shareholders' Meeting with respect to performance share grants within the Group, nor 10% of the overall grant under the plan in question.

Grants are also subject to holding obligations (described below) and a prohibition on the use of hedging instruments.

Multi-annual compensation

The Company's policy does not provide for multi-year compensation.

Exceptional compensation

The Company's policy does not provide for exceptional compensation.

Compensation tied to directorship

The Company's policy does not provide for compensation for the executive corporate officer that is tied to being a Director of the Company or, as the case may be, a Group company.

Non-compete undertaking

The Company's policy is to enter into a non-compete agreement with its executive corporate officer.

In light of the intimate knowledge of the mobility sector and the new challenges tied to digitalisation the Company's Chairman & Chief Executive Officer has acquired, it is in the Company's interest to provide for a non-compete undertaking that binds the Chairman & Chief Executive Officer. This undertaking (described below) applies for a period of two years commencing when his term of office ends. The consideration for this commitment consists of a total gross indemnity corresponding to 1.5 times the average gross annual fixed and variable compensation (excluding performance shares) received over the last three fiscal years.

The Board of Directors reserves the right, in particular in the event of gross misconduct or major financial issue, to unilaterally waive the benefit of this undertaking as of the date the executive corporate officer's term of office ends. In any event, this non-compete agreement does not apply if the executive corporate officer retires at the end of his term of office. In such a case, no indemnity would be due.

Severance indemnity

The Company's policy does not provide for a severance indemnity for the Chairman & Chief Executive Officer.

Retention conditions of performance shares under vesting period

If the Chairman & Chief Executive Officer leaves the Company, the Board of Directors will assess whether he may retain the right, in full or in part, to acquire shares allocated subject to performance conditions, subject to the following limits:

- retention is only possible in case of a forced departure, *i.e.* in the event of dismissal and not resignation;
- no acquisition is authorised before the acquisition date specified in the relevant plans' rules. Consequently, no early vesting of performance shares is authorised;
- the performance conditions must continue to apply throughout the specified acquisition period;
- the number of shares that will be acquired (once established after measuring the achievement level of the performance conditions) will be subject to a reduction corresponding to the amount of time spent in the Company's service relative to the vesting period of each relevant plan (*i.e.* a *pro rata temporis* discount); and
- in any event, the appropriateness of the final acquisition of the performance shares will be assessed in view of the Company's situation at the date of the departure and at the initially planned vesting date. No performance shares may be acquired if the Company is facing major financial difficulties.

Supplemental pension plans

In order to allow retirement savings to be constituted, the Company's policy provides for its Chairman & Chief Executive Officer to benefit from supplementary defined contribution pension plans. These collective supplementary defined contribution pension plans ("Article 82" and "Article 83" of the French Tax Code) also benefit other Group senior executives and managers. Following the closure (in 2016) and then the definitive liquidation (in 2019) of the "Article 39" supplementary pension plan, the Company's compensation policy no longer provides for the use of supplementary defined benefit pension plans for its executive corporate officer.

The arrangements applicable to the Chairman & Chief Executive Officer are described below.

Other benefits

The Company's policy provides that the Chairman & Chief Executive Officer benefits from a Company car, supplemental health care cover, a death/disability insurance contract as is the case with other Group employees who have a certain degree of responsibility, and a private unemployment insurance coverage, the costs of which are borne in part by the Company and for the remaining by the Chairman & Chief Executive Officer.

2. Compensation policy in respect of the 2021/22 fiscal year

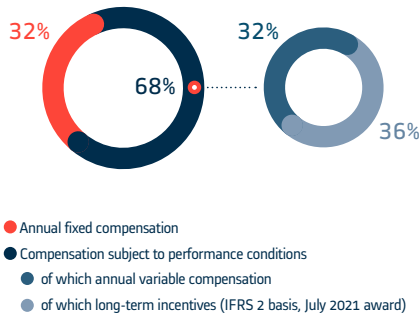
At its meetings held on 10 May and 4 July 2021, on the proposal of the Nominations and Remuneration Committee, the Board defined the structure and composition of the Chairman & Chief Executive Officer's compensation in respect of the 2021/22 fiscal year in accordance with the principles described above.

In the context of the definition of the structure and composition of this compensation, the Board of Directors relied on the results from a comparative study conducted by an independent firm on the basis of a panel of large companies belonging to the CAC 40 and the SBF 120 of which size, in terms of market capitalisation and revenues, and/or business are comparable to the Group's (PSA, Renault, St Gobain, Veolia Environnement, Bolloré, Safran, Michelin, Valeo, Eiffage, Thales, Faurecia, Technip FMC, Solvay, STMicroelectronics, Arkema, Groupe SEB, Dassault Aviation, Legrand, Bureau Veritas and Imerys) and completed by a study on comparably sized German companies with comparable activities with a view to take into account the new footprint of the Group especially in Germany (Continental, RWE, EON, Siemens Energy, Knorr-Bremse, HeidelbergCement, MTU AeroEngines, KION Group, Rational and Man SE).

In accordance with Article L. 22-10-8-II of the French Commercial Code, a resolution in respect of the compensation policy of the Chairman and Chief Executive Officer will be submitted to the vote of 2021 Shareholders' Meeting, called to approve the 2020/21 financial statements.

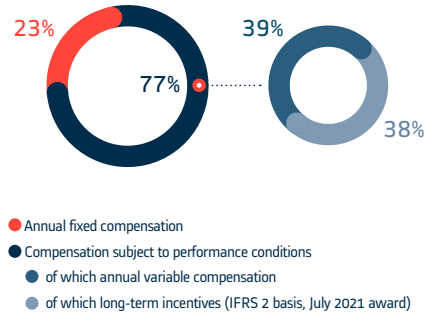
The structure of the target compensation (monetary and securities) of the Chairman & Chief Executive Officer (excluding post-mandate compensation and non-recurring long-term compensation put in place specifically to ensure the success of the Bombardier Transportation integration) is as follows:

TARGET COMPENSATION



The structure of the maximum compensation (monetary and securities) of the Chairman & Chief Executive Officer (excluding post-mandate compensation and non-recurring long-term compensation put in place specifically to ensure the success of the Bombardier Transportation integration) is as follows:

MAXIMUM COMPENSATION



The compensation includes the following components:

Compensation over the term of office

Fixed compensation

On the proposal of the Nominations and Remuneration Committee, the Board of Directors meeting held on 10 May 2021 decided (subject to the 2021 General Meeting's approval) to increase Mr Henri Poupart-Lafarge's gross annual fixed compensation commencing with the 2021/22 year to €950,000, *i.e.*, an 11.8% increase, with retroactive effect as from 1 April 2021.

The Board of Directors considered that such an increase was justified in light of various factors:

- a positioning in relation to the market (before the increase) that is below the median compensation resulting from the comparative study mentioned above with respect to CAC 40 and SBF 120 companies and that is inconsistent with Group's size and performance and Mr Henri Poupart-Lafarge's experience and individual performance. As a consequence, the salary position of Mr Henri Poupart-Lafarge (compared to the panel of these companies) will be situated respectively at 106% of the market median for the fixed part of his remuneration and at 105% for the total of his short-term remuneration (fixed and short-term variable at target) and will stay significantly below the median of the second market of comparison (made of the comparably sized German companies with comparable activities as listed above);
- the material change in the Group's size (from revenue, headcount and market capitalisation points of view) following the acquisition of Bombardier Transportation and the expansion of the Chairman & Chief Executive Officer's scope of responsibilities;
- the desire for this compensation to sit within a framework of long-term stability and to not make future adjustments over the next two years, at least.

The Chairman & Chief Executive Officer's gross annual fixed compensation is currently €850,000 and has been since the 10 July 2019 Shareholders' Meeting.

Short-term variable compensation

Target short-term variable compensation (*i.e.*, when the targets are strictly achieved) represents 100% of his annual fixed gross compensation. In the event of overperformance, this compensation is capped at 170% of his annual fixed gross compensation. No floor has been set.

On the proposal of the Nominations and Remuneration Committee, at its meeting held on 4 July 2021, the Board of Directors defined the objectives attached to the Chairman & Chief Executive Officer's short-term variable compensation in respect of the 2021/22 fiscal year.

The objectives tied to the Company's overall performance will represent 60% of the target variable compensation and will be based on the same financial criteria of adjusted EBIT, Free Cash Flow, and gross margin on orders received, on the one hand, and on criteria tied to ethics and compliance programmes, workplace safety and the result obtained in the Dow Jones Sustainability Index survey, on the other hand.

The financial performance indicators will represent 75% of the objectives tied to the Group's overall performance, *i.e.*, 45 out of 60 points, as the Board of Directors has elected to give increasing importance to performance criteria tied to social, environmental and corporate governance issues.

The objectives tied to specific action plans will be based on criteria established by the Board, qualitative and/or quantifiable, wherever possible. They are tied to the Group's commercial and operational performance, team and organisation development, and, specifically for the 2021/22 fiscal year, to the integration of Bombardier Transportation.

For confidentiality reasons, the details of the objectives to be reached cannot be disclosed here.

The objectives achievement level will be assessed by the Board on the basis of the results of the 2021/22 fiscal year. In the event of overperformance, the Group's overall performance criteria and the individual criteria may represent up to 120% and 50%, respectively, of annual fixed gross compensation (*i.e.* an overall cap of 170%).

The Board may use a discretionary power when applying the compensation policy so as to ensure that the Chairman & Chief Executive Officer's actual annual variable compensation properly reflects the Group's performance. If the Board were to decide, on the Nominations and Remuneration Committee's proposal and in the context of exceptional circumstances, to use this discretionary power, it would continue to comply with the principles set out in the compensation policy and provide shareholders with a clear, specific and comprehensive explanation of its choice. This discretionary power would only apply to a limited portion of the annual variable compensation and could increase or decrease the amount of the bonus theoretically achieved – in accordance with the performance criteria – in respect of the fiscal year (*i.e.* maximum magnitude of plus or minus 15%) and without ever exceeding the global cap provided for in the compensation policy. Thus, the Board of Directors could consider, on the recommendation of the Nominations and Remuneration Committee, that taking into consideration new circumstances appeared during the fiscal year -unpredictable at the time when the Board determined the compensation policy for the concerned exercise- and significantly impacting, upward or downward, the achievement level of the performance criteria attached to the annual variable compensation would comply with the compensation policy previously approved by shareholders. In such a case, the Board could decide, to a limited extent, to modify (in the framework described above) the amount of the annual variable compensation in order that it better reflect the actual performance of the Group.

In accordance with Article L. 22-10-34 of the French Commercial Code, payment of this variable compensation will be conditional upon shareholders' approval at the 2022 Shareholders' Meeting convened to approve the 2021/22 financial statements.

Long-term variable compensation

The characteristics of the performance share award policy applied to the Chairman & Chief Executive Officer for the 2021/22 fiscal year are as follows:

Performance conditions	All performance shares are subject to performance conditions which are internal and/or relative. In the event of a major change in the Group's strategy or structure, the Board of Directors commits to adapting these performance conditions to the new challenges highlighted for the coming years, both as regards the nature of the conditions and results to be achieved, all continuing to be highly demanding and transparent about those changes.
Vesting and performance period	Satisfaction of the performance conditions is assessed at the end of the third fiscal year following the grant date. The Board of Directors will not assess whether the performance conditions have been achieved or deliver the shares under a given plan prior to the end of such third fiscal year.
Limits applicable to the grant	The Board of Directors defined the following principles regarding grants to executive corporate officers: <ul style="list-style-type: none"> • the IFRS 2 value (which is used to establish the Group's consolidated financial statements) of any annual grant shall not exceed one year of annual fixed gross compensation and target short-term variable compensation, which corresponds to the compensation obtained when achievement are strictly aligned with the set objectives. Thus, performance share compensation is capped at 100% of maximum short-term compensation (fixed and on-target variable), <i>i.e.</i> 200% of fixed short-term compensation; • the aggregate amount of annual grants to corporate officers cannot exceed 2.5% of the overall amount authorised by the Shareholders' Meeting for grants of performance shares within the Group, nor 10% of the total grants under the relevant plan.
Holding requirement	Since 2007, for each grant, the Board of Directors has set the number of shares corporate officers must hold until the end of their terms of office. The Chairman & Chief Executive Officer is thus required to hold in registered form 50% of the performance shares that have vested during the entire term of his appointment (as renewed, as the case may be). This holding requirement ceases to apply when the Chairman & Chief Executive Officer reaches a shareholding target of shares held in registered form corresponding in value to three years of his last annual fixed gross compensation. For the purpose of calculating the cap on the holding obligation, the following is taken into account: <ul style="list-style-type: none"> • the annual fixed gross compensation applicable on the date of the most recent acquisition of performance shares; and • the respective market price of the shares at the time of each acquisition of performance shares held in registered form by the Chairman & Chief Executive Officer. As at 31 March 2021, the holding requirement was satisfied, as Mr Henri Poupart-Lafarge held a number of registered shares on that date representing a value of more than three years of his last annual fixed gross compensation.
Prohibition on hedging instruments	The Chairman & Chief Executive Officer formally undertakes not to use hedging instruments in respect of the performance shares granted by the Company during the entire duration of his term of office. To the Company's knowledge, no hedging instrument has been put in place.
Blackout periods	No transaction involving the Company's securities may be carried out during the 30-calendar days preceding the publication of the Company's half-year and annual results (which period is reduced to the 15-calendar days for quarterly results) and up until the second trading day following this publication. During periods where trading is authorized, the Group's internal rules of good conduct create an obligation to consult the Compliance Officer, in the event of any doubt prior to conducting a transaction.
Frequency	Annually.

The level of grant, which is determined by the Board, on the Nominations and Remuneration Committee's proposal, takes into consideration all of the Chairman & Chief Executive Officer's compensation components and market practices.

The general characteristics of the performance shares granted to the Chairman & Chief Executive Officer are identical to those offered under the same plan to the Company's management teams.

Benefits in-kind

Benefits in kind from which the Chairman & Chief Executive Officer benefits are limited to a Company vehicle, supplemental health insurance, life and disability insurance, and private unemployment insurance coverage, the costs of which are shared by the Company and the Chairman & Chief Executive Officer.

Compensation at the end of the term of office

Non-compete undertaking

The non-compete agreement entered into with the Chairman & Chief Executive Officer is limited to a two-year period commencing on the date the executive corporate officer's term of office ends. Consequently, at the end of his term of office (for any reason and at any time), the Chairman & Chief Executive Officer undertakes to abstain from acquiring an interest in, participating in, associating himself in any way with or engaging in, directly or through a legal entity, in the capacity of corporate officer, employee or consultant, worldwide, in any company with a significant activity (15% of turnover or at least €1 billion) related to the production of equipment or systems used in the railway industry or in public ground transport. Transportation operators are excluded from the scope of this non-compete undertaking.

In return for this commitment, the Chairman & Chief Executive Officer would receive a total gross indemnity corresponding to 1.5 times the average of his annual fixed and variable gross compensation received over the three fiscal years preceding the date of the end of his term of office (excluding performance shares). This indemnity would be paid on a monthly basis in twenty-four equal instalments throughout the entire term of the non-compete undertaking.

If the non-compete undertaking is breached at any time by the executive corporate officer:

- the Company will be released from its obligation to pay the financial indemnity; and
- the executive corporate officer would have to reimburse all amounts already received under the non-compete undertaking.

The Company, acting through its Board of Directors, reserves the right, in particular in the event of gross misconduct or major financial issue, to unilaterally waive the benefit of this non-compete undertaking on the date the executive corporate officer's term of office ends. In such a case, the executive corporate officer would be freed from any obligation and no indemnity would be due in this respect.

In any event, this non-compete agreement does not apply if the executive corporate officer retires at the end of his term of office. In such a case, no indemnity would be due.

The Board of Directors believes that, in certain circumstances, the ability to require executive corporate officers to enter into a non-compete undertaking is favourable to the Company. This is particularly the case with Mr Henri Poupart-Lafarge, in view of his knowledge – acquired over more than 20 years – of the mobility sector and of the new challenges resulting from the digitalisation of this sector. The Board considers that the Company's competitors must not, under any circumstances, benefit from this expertise. Therefore, this undertaking is intended to protect the Group's interests.

Retention conditions of performance shares under vesting period

If the Chairman & Chief Executive Officer leaves the Company, the Board of Directors will assess whether he may retain the right, in full or in part, to acquire shares allocated subject to performance conditions, subject to the following limits:

- retention is only possible in case of a forced departure, *i.e.* in the event of dismissal and not resignation;

- no acquisition is authorised before the acquisition date specified in the relevant plans' rules. Consequently, no early vesting of performance shares is authorised;
- the performance conditions must continue to apply throughout the specified acquisition period;
- the number of shares that will be acquired (once established after measuring the achievement level of the performance conditions) will be subject to a reduction corresponding to the amount of time spent in the Company's service relative to the vesting period of each relevant plan (*i.e.* a *pro rata temporis* discount); and
- in any event, the appropriateness of the final acquisition of the performance shares will be assessed in view of the Company's situation at the date of the departure and at the initially planned vesting date. No performance shares may be acquired if the Company is facing major financial difficulties.

Supplemental pension plans

In respect of supplemental pension plans, pursuant to the Company's compensation policy, the Chairman & Chief Executive Officer benefits from:

- a defined contribution supplementary retirement scheme ("Article 83") as follows:
 - the contributions are paid annually and correspond to 1% of annual compensation up to four annual Social Security caps, 4% of annual compensation between four and eight times the annual Social Security cap and 11% of annual compensation between eight and twelve times the Social Security cap,
 - since 1 July 2014, 95% of the contributions are paid by the Company;
- a defined contribution supplementary retirement scheme ("Article 82"). The calculation of this annual contribution is based on total annual compensation (fixed and variable compensation due in cash) as follows:
 - 10% of fixed gross compensation between eight and 12 annual Social Security caps and 20% of his fixed gross compensation in excess of 12 annual Social Security caps,
 - 20% of his annual variable compensation as determined by the Board of Directors,
 - the reference compensation (fixed and variable due in cash) used to calculate the contribution cannot, in any case, be greater than €2,000,000,
 - no contribution is paid if the calculation of the variable compensation equals zero,
 - the Chairman & Chief Executive Officer has undertaken, once the tax and social obligations relating to these contributions are satisfied, to keep amounts paid within the dedicated retirement savings vehicle, at least for his term of office.

Further to a recommendation by the Nominations and Remuneration Committee, on 6 May 2019, the Board of Directors took note of the terms of the final conditions of liquidation of the "Article 39" plan (closed and whose cumulated rights were frozen on 31 December 2016) from which Mr Henri Poupart-Lafarge benefited on the date he resigned from his employment contract with Alstom Executive Management SAS, taking account of the fact that:

- Mr Henri Poupart-Lafarge would no longer be bound to Alstom Executive Management SAS by an employment contract starting at the 2019 Annual Shareholder Meeting;

- the loss of rights acquired between 1 January 2004 and 31 December 2016 would be offset by a balancing payment (*soulte*) to the "Article 82" defined contribution plan, paid annually in thirds over three years starting on the first anniversary of his resignation from his employment contract, and subject to his continued presence within the Company at each payment due date. The amount of this balancing payment includes an individual discount from the value of the recorded liability, which was established based on a proposal by external actuaries;
- the value of this balancing payment, as valued by the Company's actuarial advisers, is €3,375,000 (gross) and is subject to social charges and taxes in accordance with the legislation in force at the time of the various payments. This amount reflects a discount of about 20% compared with the value of the liabilities (excluding taxes) at 31 March 2019 in order to take into account the impact of the transformation

of rights subject to conditions of continued employment within the Group into a definitively acquired pension capital, *i.e.* savings of more than €1 million for the Company;

- the final closeout of this "Article 39" scheme applies to all its beneficiaries;
- Mr Henri Poupart-Lafarge's commitment, after the payment of the corresponding social and tax contributions, is to keep in this pension plan all the amounts paid, at least until the expiration of his corporate officer term of office.

The payment of the balance relating to Mr Henri Poupart-Lafarge will be made in thirds in three annuities, in July 2020, July 2021, and July 2022, subject to his continued presence within the Company.

An initial payment in the amount of €1,125,000 was made in July 2020.

Components of compensation paid during or awarded in respect of the 2020/21 fiscal year to the corporate officers

Compensation paid during or awarded in respect of the 2020/21 fiscal year to members of the Board of Directors

TABLE 3 OF THE AFEP-MEDEF CODE – TABLE ON COMPENSATION ALLOCATED UNDER A DIRECTORSHIP AND OTHER COMPENSATION RECEIVED BY NON-EXECUTIVE DIRECTORS

Gross amounts	2019/20 fiscal year		2020/21 fiscal year	
	Amounts paid during the fiscal year (in €)	Amounts allocated during the fiscal year (in €)	Amounts paid during the fiscal year (in €)	Amounts allocated during the fiscal year (in €)
Non-executive corporate officers				
Ms Candace K. Beinecke ⁽¹⁾	59,031	22,500	-	-
Mr Olivier Bouygues	59,781	62,250	51,286	50,000
Bouygues SA ⁽²⁾	85,750	84,000 ⁽³⁾	61,786 ⁽⁴⁾	57,000
Ms Bi Yong Chungunco	85,750	87,500	96,000	84,500
Ms Françoise Colpron ⁽⁵⁾	59,781	23,250	-	-
Mr Yann Delabrière	133,115	139,500	144,500	136,500
Ms Clotilde Delbos	59,344	76,250	96,000	84,000
Mr Daniel Garcia Molina ⁽⁶⁾	-	-	-	23,250
Mr Serge Godin ⁽⁷⁾	-	-	-	7,750
Mr Gilles Guilbon ⁽⁸⁾	-	-	-	23,250
Mr Gérard Hauser ⁽⁹⁾	106,917	108,500	85,428	25,429
Mr Sylvie Kandé de Beaupuy	85,281	84,750	101,000	99,500
Mr Klaus Mangold ⁽⁹⁾	75,781	30,250	-	-
Mr Frank Mastiaux ⁽¹⁰⁾	-	-	28,071	69,571
Mr Baudouin Prot	87,031	84,500	93,000	98,500
Ms Sylvie Rucar	122,750	125,000	133,500	125,500
TOTAL	1,020,312	928,250	890,571	884,750

(1) Director whose term of office expired on 10 July 2019.

(2) Director whose representative was Mr Philippe Marien until 19 February 2020 and subsequently Mr Pascal Grangé as from such date.

(3) Of which €74,000 was allocated to Mr Philippe Marien and €10,000 was allocated to Mr Pascal Grangé.

(4) Of which €36,000 were paid to Mr Philippe Marien and €25,786 were paid to Mr Pascal Grangé.

(5) The Board of Directors acknowledged this Director's resignation on 16 September 2019.

(6) Directors who took office on 1 January 2021.

(7) Director who took office on 29 January 2021. Mr Serge Godin remits his compensation to an association whose mission is poverty relief, improving health and advancement in education for children and teens in difficulty.

(8) Director whose mandate expired on 8 July 2020.

(9) Director whose mandate expired on 10 July 2019.

(10) Director nominated by the General Meeting held on 8 July 2020.

Non-executive corporate officers do not receive any other compensation from the Company or Group companies.

Pursuant to the compensation policy, the Chairman & Chief Executive Officer does not receive any compensation tied to his directorship and the Censor does not receive compensation in connection with his/her role.

In accordance with its own internal operating rules, Caisse de Dépôt et Placement du Québec (a Director represented by Ms Kim Thomassin) also does not receive any compensation in connection with its mandate.

The aggregate amount of compensation paid to the Directors during the 2020/21 fiscal year amounted to €890,571 (€1,020,312 during the previous fiscal year). The aggregate amount of compensation attributed to the Directors in respect of the 2020/21 fiscal year amounted to €884,750 (€928,250 in respect of the prior fiscal year) and represented approximately 68% of the overall amount authorised by the shareholders (approximately 71% for the 2019/20 fiscal year).

The variable portion of compensation awarded to the Directors in respect of the 2020/21 fiscal year represented close to 58% of the total amount of compensation awarded in respect of such fiscal year (approximately 61% in respect of the 2019/20 fiscal year).

The difference between the amounts allocated and paid over a single fiscal year results from the fact that half of the compensation tied to directorships in respect of a fiscal year is paid during that fiscal year (compensation for the first half of the fiscal year) and the balance is paid during the following fiscal year (compensation for the second half of the fiscal year).

In accordance with Article L. 22-10-34-I of the French Commercial Code, the above compensation will be submitted to the vote of 2021 Shareholders' Meeting, called to approve the 2020/21 financial statements.

Compensation paid during or awarded in respect of the 2020/21 fiscal year to Mr Henri Poupart-Lafarge, Chairman & Chief Executive Officer

In accordance with Article L. 22-10-34-I and II of the French Commercial Code, the compensation elements described above will be submitted to the vote of 2021 Shareholders' Meeting, called to approve the 2020/21 financial statements, effective payment of the annual variable compensation being subject to the positive vote of the shareholders.

Fixed compensation

For the 2020/21 fiscal year, Mr Henri Poupart-Lafarge's total fixed compensation amounted to €796,883.

Upon Mr Henri Poupart-Lafarge's proposal and after the Nominations and Remuneration Committee's review, on 11 May 2020, the Board of Directors decided to reduce Mr Henri Poupart-Lafarge's fixed compensation by 25% for the first quarter of 2020/21. An equivalent amount was paid to Alstom Foundation to support the fight against Covid-19.

This decision did not impact the basis for calculating annual variable compensation for 2020/21 or the basis for calculating any award of performance shares to Mr Henri Poupart-Lafarge in respect of the 2020/21 fiscal year.

Variable compensation

At its meeting held on 10 May 2021 and on the proposal of the Nominations and Remuneration Committee, the Board of Directors found that:

- With respect to objectives tied to the Company's overall performance, all of which are quantifiable and based on seven performance criteria measured over a full year:
 - Free Cash Flow,
 - Adjusted EBIT,
 - Sales,
 - Gross margin on orders received,
 - Total Recordable Injury Rate,
 - Attendance rate of management in Ethics and Compliance training,
 - Performance in the Dow Jones Sustainability Index,it was appropriate to evaluate the achievement level at 47%. The target was 60% and the cap was 120%.

	Target	Cap	Performance level for the fiscal year	Achievement rate for the fiscal year	Amount corresponding to the achievement level (in €)
OVERALL OBJECTIVES	60%	120%			
Free Cash Flow	15%	30%	€0	0%	0
Adjusted EBIT	10%	20%	€559 million	0%	0
Sales	10%	20%	€7,650 million	0%	0
Gross margin on orders received	15%	30%	Confidential ⁽¹⁾	27%	229,500
Total Recordable Injury Rate (TRIR)	5%	10%	2.2 injuries per million hours worked	10%	85,000
Attendance rate of management in Ethics and Compliance training	2.5%	5%	98.1% of eligible managers attended training in respect of the new Code of Ethics ⁽²⁾	5%	42,500
Performance in the Dow Jones Sustainability Index	2.5%	5%	95 th percentile ⁽³⁾	5%	42,500
2020/21 OVERALL ANNUAL PERFORMANCE				47.00%	€399,500

- (1) The Board of Directors considers that margin on orders received is an extremely relevant indicator of the conduct of business by the Company's managers because it reflects the strategic determination to focus activities on projects with the best prospects of being profitable. However, as this indicator is highly sensitive from a competition point of view, the Board considered that it would be against the Company's interests to publicly state the Company's objectives and performance with respect to margin on orders received so as to not give competitors strategic information.
- (2) The Company's target was that at least 85% of managers eligible for an annual bonus (more than 10,000 people) attend the training. The maximum level is considered to have been met when 90% of the eligible population has been trained.
- (3) The Company's target is to remain in the DJSI index, i.e., to be one of the 10% of the companies in the comparable group to achieve the best performance. The maximum performance level is reached if the Company reaches or exceeds the 95th percentile of the companies making up the index, which was the case for the fourth consecutive year in 2020.

- With respect to objectives tied to specific action plans based on five performance criteria (measurable whenever possible), it was appropriate to assess the achievement level at 46.6%. The target was 40% and the cap was 50%.

Comments	Target	Achievement rate for the fiscal year	Amount corresponding to the achievement level (in €)
INDIVIDUAL OBJECTIVES	40%		
Acquisition of Bombardier Transportation	15%	18.00%	153,000
<p>The objective set by the Board of Directors was that all the preliminary steps and preparatory work necessary for the acquisition of Bombardier Transportation were successfully completed, with particular attention paid to the various anti-trust law investigations and the definition and preparation of an integration strategy.</p> <p>Having considered the following factors in particular:</p> <ul style="list-style-type: none"> • the transaction, concluded in accordance with the strategy defined by the Board of Directors, was completed rapidly despite extreme complexity and was achieved in optimal conditions in terms of acquisition price, financing and protection of future interests of the Group; • the negotiations with the various anti-trust law authorities in several geographies were carried out in an organised and efficient way, following a demanding schedule in terms of deadlines; • the first steps of integration were engaged and successfully led very quickly after the transaction was completed, <p>the Board of Directors considered that this objective had been reached at 120%.</p>			

	Comments	Target	Achievement rate for the fiscal year	Amount corresponding to the achievement level (in €)
People and organisation	<p>The objective set by the Board of Directors was to stabilise the Group's Leadership Team, prepare a succession plan and to continue to expand the pool of talents who could be members of future management teams.</p> <p>Having considered the following factors in particular:</p> <ul style="list-style-type: none"> • a successful integration of the Alstom and Bombardier Transportation teams in a single Leadership Team; • a high degree of maturity of the members of the Leadership Team, in terms of the expertise, experience and stability of the Team members both before and after the completion of the acquisition, which are proof of a clear commitment and high confidence; • an evolution plan of the Leadership Team clearly defined, <p>the Board of Directors considered that this objective had been reached at 115%.</p>	7%	8.05%	68,425
Management of the Covid-19 pandemic crisis	<p>The objective set by the Board of Directors was to mitigate the impacts of the Covid-19 crisis on the Group through the implementation of actions contributing to the safety of Alstom employees and the implementation of plans aimed at limiting the operational and financial impacts of the crisis.</p> <p>Having considered the following factors in particular:</p> <ul style="list-style-type: none"> • the implementation of measures that allowed to protect at best the health and safety of the whole workforce of the enterprise (site access, changes to workspaces and tools, enhanced communication); • the control over the production and engineering system that allowed to reduce the impact of the pandemic on sales, to conduct projects within scheduled delays and costs, and to satisfy the clients; • the control over the supply chain with an optimal monitoring of the suppliers thanks to which supplies were not stopped; • the definition and the successful implementation of a cost savings plan and efficient cash management measures (review of Capex, decrease in customer accounts outstanding and optimisation of inventory management), <p>the Board of Directors considered that this objective had been reached at 120%.</p>	4%	4.80%	40,800
Commercial performance	<p>The objective set by the Board of Directors was to maintain the Group's commercial momentum in a difficult market environment, to secure major projects (such as the double-deckers in Europe or MING project in France) and to secure the Signalling business's backlog (with a book to bill ratio in excess of 1).</p> <p>Having considered the following factors in particular:</p> <ul style="list-style-type: none"> • excellent stability of the backlog despite the economic situation; • securing of flagship projects: RENFE, Metra DD, LNVG, Toulouse Metro, Regiolis H2, Italy H2, with additional orders secured since the end of March 2021 (DSB Denmark, FNM Italy, Paris L18); • backlog still growing for Signalling, <p>the Board of Directors considered that this objective had been reached at 115%.</p>	7%	8.05%	68,425

	Comments	Target	Achievement rate for the fiscal year	Amount corresponding to the achievement level (in €)
Operating and financial performance	<p>The operating and financial performance objectives assigned to the Chairman & Chief Executive Officer by the Board of Directors were established on the basis of:</p> <ul style="list-style-type: none"> • 15 operational execution indicators; • execution of major projects (Prasa, e-loco, Amtrak, ICNG, CFL, Perth); • delivery of key Signalling projects (Lille, Singapore); • positive adjustment of gross margin; • cost efficiency (general expenses); • stabilisation of working capital. <p>Having considered the following factors in particular:</p> <ul style="list-style-type: none"> • operational indicators that were essentially on target, with the exception of the On Time Delivery indicator (in part due to the Covid-19 pandemic); • continuous improvement and/or acquisition of major projects; • positive adjustment in gross margin; • significant reduction in general and administrative expenses and working capital in line with projections, <p>the Board of Directors considered that this objective had been reached at 110%.</p>	7%	7.70%	65,450
2020/21 OVERALL ANNUAL PERFORMANCE			46.60%	€396,100

Therefore, at its meeting held on 10 May 2021, the Board decided that Mr Henri Poupart-Lafarge's variable compensation for 2020/21 fiscal year would amount to €795,600 corresponding to an objective achievement level of 93.6%.

Over the past three years Mr Henri Poupart-Lafarge's annual fixed and variable compensation has evolved as follows:

	Allocated in respect of 2018/19 fiscal year (in €)	Allocated in respect of 2019/20 fiscal year (in €)	Allocated in respect of 2020/21 fiscal year (in €)
Annual fixed gross compensation	750,000	825,000	796,883
Annual variable gross compensation ⁽¹⁾	1,020,975	906,015	795,600
(%/ fixed)	(136.1%)	(109.8%)	(93.6%) ⁽²⁾
TOTAL	1,770,975	1,731,015	1,592,483

(1) Mr Henri Poupart-Lafarge's annual variable compensation is paid during the fiscal year following the one in respect of which it is awarded. As indicated above, payment of the annual variable compensation is subject to the shareholders' prior approval.

(2) On the basis of an annual fixed compensation of €850,000.

Award of performance shares

During fiscal year 2021/22, the Board of Directors meeting held on 4 July 2021 made the following awards, no award of performance shares having been made during fiscal year which ended 31 March 2021.

Long-term variable remuneration plan ("PSP 2021")

On 4 July 2021, the Board of Directors, acting under the authority granted by the Shareholders' Meeting held on 10 July 2019 (14th resolution), and after a review of the Nominations and Remuneration Committee's recommendations of 4 July 2021, adopted a long-term variable compensation plan ("PSP 2021") benefiting 1,375 employees, including Alstom's Chairman & Chief Executive Officer.

The grant to the Chairman & Chief Executive Officer relates to a target number of 34,000 shares, which may vary, depending on the achievement level of performance conditions, between 0 to 51,000 shares (in the event of overperformance). The IFRS 2 valuation and the calculation of the cap on awarded performance shares were established on the basis of the maximum number of shares that may be definitively acquired after the expiration of the performance period. Based on the cap on awarded shares, this maximum award represents 0.01% of the share capital at 4 July 2021.

This plan subjects the vesting of all the shares (1,867,325 shares *i.e.* 0.50% of the share capital at 4 July 2021) to meeting four performance conditions:

- three internal performance conditions measured in terms of the degree of success in reaching:
 - the adjusted EBIT margin objective of the Alstom Group (including the share of net income of the CASCO joint-venture) set by the Board and assessed at the end of the 2023/24 fiscal year. This indicator represents 25% of the total of the performance conditions,
 - the sum of Free Cash Flow objective achieved for FY 2021/22, 2022/23, 2023/24. This indicator represents 30% of the total of the performance conditions, and
 - the 2023/24 objective of reducing the energy consumption of the solutions offered to clients (with reduction defined as the average of the reduction percentages) set by the Board and assessed at the end of 2023/24 fiscal year as compared to those offered before March 2014. This indicator represents 20% of the total of the performance conditions; and

- one relative performance condition which is based on the performance of the Company's share relative to the performance of the STOXX® Euro Industrial Goods & Services index and assessed over a period of three years ending at the end of the 2023/24 fiscal year. This indicator represents 25% of the total of the performance conditions.

On the Nominations and Remuneration Committee's recommendation, the Board of Directors decided to:

- maintain the exclusion of any vesting of performance shares if the evolution in the Company's TSR does not attain the index's TSR evolution. The Board therefore took into account comments several investors and proxy advisors had made to the Lead Independent Director last fiscal year;
- align the "target" objectives for adjusted EBIT margin and Free Cash Flow with the new objectives of the Group (as announced during July 2021 investors' day), all while maintaining the principle that more performance shares would be acquired in the event of overperformance;

- maintain a condition allowing the Company's performance in the area of sustainable development to be assessed. Indeed, like several investors and proxy advisors with whom the Lead Independent Director spoke with over the last fiscal year, the Board considers that long-term variable compensation must be notably based on a condition that allows the Company's strategic social and/or environmental challenges to be appraised. For the PSP 2021, the Board therefore renewed a performance condition that is based on the reduction in the carbon intensity of the solutions offered by Alstom, which is part of the new objectives of the Group (as announced during July 2021 investors' day). The assessment in 2024 of the reduction in energy consumption of the solutions Alstom offers its clients will be carried out on the basis of the same criteria as those applied for the purposes of monitoring the realisation of the "Alstom in Motion" strategic plan. The percent reduction will be reviewed by the independent third-party organisation which is responsible for verifying extra-financial data at the end of the 2023/24 fiscal year. This independent third-party organisation will report on it in its reasoned opinion on the accuracy of the information presented.

Applying these conditions, the number of performance shares to be delivered will be determined as follows (internal conditions established on the basis of the accounting standards in force at the time of the grant):

After the publication of the 2023/24 results	Minimum level required	Target performance	Maximum level considered	
	≤6.5%	=8%	≥8.7%	
2023/24 Adjusted EBIT Margin (weight: 25%)	No shares	8,500 shares	12,750 shares	
Sum of Free Cash Flow achieved for FY 2021/22, 2022/23 and 2023/24 in million euros (weight: 30%)	≤(500)	=0	≥500	
	No shares	10,200 shares	15,300 shares	
Reduction in energy consumption of solutions offered to clients in 2023/24 relative to those offered prior to March 2014 (weight: 20%)	Reduction ≤22%	Reduction =24%	Reduction ≥27%	
	No shares	6,800 shares	10,200 shares	
TSR at publication of 2023/24 results vs. Index TSR (weight: 25%)	<100% of the index No shares	=100% of the index 4,250 shares	=110% of the index 8,500 shares	<120% of the index 12,750 shares

Between each performance condition threshold, the number of vested shares will be calculated by linear interpolation. In addition, adjusted EBIT margin will include the share of the net income of the CASCO joint-venture.

In line with the compensation policy applicable to the Chairman & Chief Executive Officer, the IFRS 2 value of the grant, *i.e.*, €1,605,990 (€1,635,830 for PSP 2020) is lower than the beneficiary's fixed and on-target variable compensation for one year.

Finally, the Board confirmed its commitment that, in the event of a major change in the Group's strategy or structure, it will adapt these performance conditions to the new challenges highlighted for the coming years, both as regards the nature of the conditions and the results to be achieved, all while continuing to be highly demanding and transparent about those changes.

The Chairman & Chief Executive Officer has undertaken not to use hedging instruments in respect of all the performance shares during his entire term of office.

Long-term variable remuneration plan seeking to compensate for the success of the Bombardier Transportation integration (Special PSP)

The Board of Directors, acting pursuant to the authorisation granted by the 10 July 2019 General Shareholders' Meeting (14th resolution), after reviewing the recommendations of the Nominations and Remuneration Committee of 4 July 2021, decided on 4 July 2021 to award a long-term variable remuneration plan seeking to grant compensation for the success of the Bombardier Transportation integration in accordance with the compensation policy of the Chairman & Chief Executive Officer as modified by the General Meeting held on 29 October 2020.

The grant to the Chairman & Chief Executive Officer relates to a target of 15,333 shares, which may vary depending on the achievement level of the performance conditions, between 0 and 23,000 (in the event of overperformance). The IFRS 2 (€801,090) valuation and the calculation of the cap on the performance shares attributed were established on the basis of the maximum number of shares that could vest at the end of the performance period. Based on the cap on shares awarded, this maximum award represents 0.01% of the share capital at 4 July 2021.

This plan subjects the vesting of the shares (243,000 shares *i.e.* 0.07% of the share capital at 4 July 2021) to the satisfaction of four performance conditions, all connected to the integration of Bombardier Transportation:

- three internal performance conditions, measured in relation to the level of achievement of:
 - an evolution objective regarding the margin achieved on certain specific projects at the end of the 2024/25 fiscal year in relation to the opening position. This indicator represents 30% of the performance conditions,
 - an objective tied to the realisation of synergies resulting from the integration of Bombardier Transportation at the end of the 2024/25 fiscal year. This indicator represents 20% of the performance conditions,

- an objective tied to net earnings per share (in euros) at the end of the 2024/25 fiscal year. This indicator represents 30% of the performance conditions;
- one relative condition, based on the engagement level of employees as measured through an opinion survey conducted in the 2024/25 fiscal year, compared to the market level as reflected in a study carried out by an independent firm (Qualtrics). This indicator represents 20% of the performance conditions.

Upon the recommendation of the Nominations and Remuneration Committee, the Board of Directors wished to provide compensation for the long-term success of the integration of Bombardier Transportation within the Group through the creation of an exceptional and non-recurring plan having performance conditions whose nature and duration (a four-year period) were specifically defined light of this objective, and in line with the information disclosed to the market in February and September 2020.

After the publication of the 2024/25 results	Minimum level required	Target performance	Maximum level considered
Sum of Gross Margin at Completion for specific projects, in million euros (weight: 30%)	≤466	=716	≥966
	No shares	4,600 shares	6,900 shares
Achievement of synergies, in million euros (weight: 20%)	≤320	=400	≥480
	No shares	3,067 shares	4,600 shares
Net earnings per share, in euros (weight: 30%)	≤2.17	=2.57	≥2.97
	No shares	4,600 shares	6,900 shares
Employee engagement level (weight: 20%)	Alstom score ≤ reference score -500 bp	Alstom score = reference score	Alstom score ≥ reference score +500 bp
	No shares	3,067 shares	4,600 shares

Between each performance condition threshold, the number of vested shares will be calculated by linear interpolation.

Summary of the evolution of performance share plans whose vesting period is ongoing

The table below shows the achievement level of each of the performance conditions of the performance share plans whose vesting periods are ongoing (PSP 2018, PSP 2019, PSP 2020, PSP 2021 and special PSP) and the number of confirmed performance shares for Mr Henri Poupart-Lafarge (all unavailable until the end of the related plan):

Plan	Initial grant ^(*)	Performance Conditions	Weight	FY1	FY2	FY3	Total number of confirmed shares
PSP 2018 ^(*) (delivery on 19 May 2021)	49,224	-	-	2018/19	2019/20	2020/21	-
		TSR	50%	NA	NA	82%	20,181
		aEBIT margin	50%	NA	NA	57.33%	14,111
TOTAL							34,292
PSP 2019 ^(*)	57,428	-	-	2019/20	2020/21	2021/22	-
		TSR	40%	NA	NA	-	-
		aEBIT margin	40%	NA	NA	-	-
		Cash conversion ratio	20%	NA	NA	-	-
TOTAL							-
PSP 2020 ^(*)	55,787	-	-	2020/21	2021/22	2022/23	-
		TSR	30%	NA	NA	-	-
		aEBIT margin	40%	NA	NA	-	-
		Cash conversion ratio	20%	NA	NA	-	-
		Energy consumption reduction	10%	NA	NA	-	-
TOTAL							-
PSP 2021	51,000	-	-	2021/22	2022/23	2023/24	-
		TSR	25%	NA	NA	-	-
		aEBIT margin	25%	NA	NA	-	-
		Free Cash Flow	30%	NA	NA	-	-
TOTAL							-

(*) The initial grants of PSPs 2018, 2019 and 2020 were adjusted following the 7 December 2020 capital increase with preferential subscription rights maintained.

Plan	Initial grant	Performance conditions	Weight	FY1	FY2	FY3	FY4	Total number of confirmed shares
Special PSP	23,000	-	-	2021/22	2022/23	2023/24	2024/25	-
		Evolution of the margin for specific projects	30%	NA	NA	NA	-	-
		Synergies	20%	NA	NA	NA	-	-
		EPS	30%	NA	NA	NA	-	-
		Employee engagement	20%	NA	NA	NA	-	-
TOTAL								-

Multi-year compensation

Not applicable.

Exceptional compensation

Not applicable.

Compensation tied to directorship

Not applicable.

Benefits in-kind

The Chairman & Chief Executive Officer benefits from a Company vehicle corresponding to a benefit in-kind of approximately €6,204 per year as well as supplemental health insurance coverage, a life and disability insurance policy, and a private unemployment insurance contract (corresponding to a benefit valued at €8,947), the costs of which are shared by the Company and the Chairman & Chief Executive Officer.

Supplemental retirement schemes

The Chairman & Chief Executive Officer benefits from a supplemental pension plan based on two separate elements that were not modified during 2020/21 fiscal year:

- a defined contribution pension plan ("Article 83" plan under the French Tax Code):
 - The amounts paid under the defined contribution plan for 2020/21 fiscal year amounted to €26,327, of which €25,011 were paid by the Company;
- a defined contribution pension plan ("Article 82" plan under the French Tax Code):
 - The amount paid in November 2020 under this defined contribution pension plan for 2019/20 fiscal year amounted to €264,850 (gross) and corresponds to the acquisition period from 1 April 2019 to 31 March 2020. The corresponding €339,992 provision recorded in 2019/20 was consequently cancelled.
 - Regarding 2020/21 fiscal year, a provision for such contribution was recorded in a gross amount of €287,614, but no payment will be made before the approval of the 2021 Shareholders' Meeting of the Chairman & Chief Executive Officer's variable compensation in respect of the 2020/21 financial year.

As of 31 March 2021, the total annual pensions under the two defined contribution schemes based on the actual contributions paid since Mr Henri Poupart-Lafarge was appointed as Chairman & Chief Executive Officer amount to approximately €79,666 (not including any potential individual voluntary contributions made by Mr Henri Poupart-Lafarge, which the Company need not be aware of).

It is noted that the amounts paid to Mr Henri Poupart-Lafarge in July 2020 in the context of the payment in three instalments of the €3,375,000 balancing payment (*soulte*) corresponding to the compensation for the loss of rights acquired under Mr Henri Poupart-Lafarge's Article 39 supplemental pension scheme (scheme was definitively liquidated at the end of the 2019 General Meeting) amounted to €1,125,000.

Post-appointment indemnities or benefits

No compensation was paid during or awarded in respect of 2020/21 fiscal year.

The Board of Directors considers that the elements described above, paid during 2020/21 fiscal year or awarded in respect of such fiscal year to Mr Henri Poupart-Lafarge, comply with the compensation policy of the Chairman & Chief Executive Officer adopted by shareholders at the 2019 Shareholders' Meeting and contributes to the Company's long-term performance.

Compensation ratios

In accordance with Ordinance No. 2019-1234 of 27 November 2019, disclosed below are the ratios between the Chairman & Chief Executive Officer's compensation level and the average and median compensation of Alstom's employees in France (in respect of the companies Alstom Transport, Alstom TT and Alstom Executive Management, which constitute over 97% of French headcount at the end of 2020), along with their annual change, the change in the Company's performance and in employees' average compensation over the same scope during the five most recent fiscal years.

The information presented below only takes into account Alstom's historical scope of consolidation in France and therefore does not include Bombardier Transportation's former legal entities. These entities will be included in the ratios presented in respect of the 2021/22 fiscal year.

Compensation ratios (a) and comparative change in compensation, performance and ratios

	2016/17	2017/18	2018/19	2019/20	2020/21
Average employee compensation <i>(evolution vs. the previous fiscal year)</i>	56,851 5%	59,529 5%	61,269 3%	63,271 3%	58,990 -7%
Median employee compensation <i>(evolution vs. the previous fiscal year)</i>	47,297 3%	48,652 3%	50,214 3%	50,806 1%	51,304 1%
Compensation of the Chairman and CEO <i>(evolution vs. the previous fiscal year)</i>	2,046,475 -76%	2,698,341 32%	3,158,802 17%	3,492,572 11%	1,718,048 -51%
Compensation compared to the median employee ratio <i>(evolution vs. the previous fiscal year)</i>	43 -77%	55 28%	63 13%	69 9%	33 -51%
Compensation compared to the average employee ratio <i>(evolution vs. the previous fiscal year)</i>	36 -77%	45 26%	52 14%	55 7%	29 -47%
Evolution of adjusted EBIT (vs. the previous fiscal year)	15%	22%	11%	4%	-3%

(a) According to AFEP's guiding principles, compensation includes components that were paid or awarded during the fiscal year in question and includes:

- for executive corporate officers and employees: fixed compensation, benefits in-kind, variable compensation (paid in respect of the prior fiscal year) and the long-term compensation awarded during the fiscal year (IFRS 2 value);
- for employees: other individual bonuses, incentive plans, profit-sharing schemes and overtime pay. All components are on a full-time equivalent basis.

It is noted that as a result of the change in the grant dates applicable to the long-term variable compensation plans (initially introduced in order to align with the new objectives of the Group, as announced during July 2021 investors' day, and which will be maintained for the following fiscal years), Mr Henri Poupart-Lafarge did not benefit from any grant of performance shares in 2020/21.

TABLES RELATING TO THE COMPENSATION OF EXECUTIVE CORPORATE OFFICERS ARISING FROM THE RECOMMENDATIONS OF THE AFEP-MEDEF CODE

TABLE 1 – TABLE SUMMARISING COMPENSATION AND PERFORMANCE SHARES GRANTED TO THE EXECUTIVE CORPORATE OFFICER AS OF 31 MARCH 2021

Henri Poupart-Lafarge Chairman & CEO	2019/20 fiscal year <i>(in €)</i>	2020/21 fiscal year <i>(in €)</i>
Compensation awarded in respect of the fiscal year (described in table 2)	1,741,782	1,607,634
Valuation of the performance shares granted during the fiscal year (detailed in table 6) ⁽¹⁾	1,635,830	NA ⁽²⁾
TOTAL	3,377,612	1,607,634

(1) This amount corresponds to the valuation of performance shares on the plan's grant date under IFRS 2 after taking into account a discount tied to the probability of continued employment in the Company but before the spreading effect of the liability.

(2) No performance share plan was granted in the 2020/21 fiscal year.

TABLE 2 – TABLE SUMMARISING THE COMPENSATION OF THE EXECUTIVE CORPORATE OFFICER AS OF 31 MARCH 2021

	2019/20 fiscal year		2020/21 fiscal year	
	Amounts attributed in respect of the financial year (in €)	Amounts paid during the financial year (in €)	Amounts attributed in respect of the financial year (in €)	Amounts paid during the financial year (in €)
Henri Poupart-Lafarge Chairman & CEO				
Fixed gross compensation	825,000	825,000	796,883	796,883
Annual variable gross compensation ⁽¹⁾	906,015	1,020,975	795,600	906,015
Exceptional gross compensation	-	-	-	-
Compensation tied to directorship	-	-	-	-
Benefits in-kind ⁽²⁾	10,767	10,767	15,151	15,151
TOTAL	1,741,782	1,856,742	1,607,634	1,718,049
Supplemental retirement schemes ("Article 82" and "Article 83") ⁽³⁾	339,992 (provision booked)	299,067	1,340,231 (provision booked)	1,414,861

(1) The variable compensation in respect of a fiscal year can only be paid in the next fiscal year if it is approved by the Annual Shareholders' Meeting. The criteria pursuant to which the variable compensation was calculated and the methods for setting the amount are described above on pages 227 to 230.

(2) Company vehicle and private unemployment insurance coverage.

(3) Including, for 2020/21 fiscal year, payment of one third of the balancing payment (*soulte*) corresponding to the compensation for the loss of rights acquired under former "Article 39" supplemental pension scheme.

TABLE 4 – SUBSCRIPTION OR PURCHASE OPTIONS GRANTED BY THE ISSUER AND BY ANY GROUP COMPANY TO THE EXECUTIVE OFFICER DURING THE 2020/21 FISCAL YEAR

Not applicable.

TABLE 5 – SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED DURING THE 2020/21 FISCAL YEAR BY THE EXECUTIVE OFFICER

Mr Henri Poupart-Lafarge exercised 22,988 options during the 2020/21 fiscal year.

Summary as at the filing date of this Universal Registration Document of the total number of options that were granted to Mr Henri Poupart-Lafarge (in respect of his prior functions only):

	Number of options initially granted ^(*)	Number of options exercisable at 31 March 2021 ^(*)	Unit exercise price (in €) ^(*)	Option expiration date
2013 plan No. 16 (LTI No. 16)	38,052	38,052	21.24	30 September 2021

(*) Amounts adjusted to take into account the adjustment tied to the 7 December 2020 capital increase with preferential subscription rights maintained.

The history of the option plans is described on pages 145 and 242 of this Universal Registration Document.

TABLE 6 – PERFORMANCE SHARES GRANTED DURING 2020/21 FISCAL YEAR TO THE EXECUTIVE CORPORATE OFFICER BY THE ISSUER OR ANY GROUP COMPANY

No performance shares were granted by the Company to Mr Henri Poupart-Lafarge in 2020/21 fiscal year.

The total number of performance shares granted to Mr Henri Poupart-Lafarge as at the filing date of this Universal Registration Document is as follows:

Plan	Maximum number of performance shares initially granted ⁽¹⁾	Maximum number of performance shares vesting ⁽⁵⁾⁽²⁾	Unit value at the time of the grant (in €) ⁽³⁾	Performance share vesting date and availability date
2018 plan (PSP 2018)	49,224	34,292 ⁽⁴⁾	23.20 ⁽⁵⁾	19 May 2021
2019 plan (PSP 2019)	57,428	57,428	25.36 ⁽⁶⁾	At the latest, on the twentieth business day following the date the 2021/22 consolidated accounts are published
2020 plan (PSP 2020)	55,787	55,787	32.08 ⁽⁷⁾	At the latest, on the twentieth business day following the date the 2022/23 consolidated accounts are published
2021 plan (PSP 2021)	51,000	51,000	€31.49 ⁽⁸⁾	At the latest, two working days following the end of the vesting period
Special plan	23,000	23,000	€34.83 ⁽⁹⁾	At the latest, two working days following the end of the vesting period

- (1) For the PSPs 2018, 2019 and 2020, numbers adjusted following the 7 December 2020 capital increase with preferential subscription rights maintained.
- (2) Grants entirely conditional and carry the obligation for Mr Henri Poupart-Lafarge to hold a portion of the shares until the expiration of his duties and until a target level of shareholding is reached.
- (3) The performance shares are valued on their grant date according to IFRS 2, after taking into account a discount associated with the probability of continued employment within the Company and before taking into account the spreading effect of the liability.
- (4) Initial adjusted grant related to 49,224 performance shares. Pursuant to the performance conditions relating to the results for 2020/21 fiscal year, 14,932 performance shares (i.e., 45.50% of the initial grant) were cancelled and 34,292 performance shares (i.e., 104.50% of the initial grant) vested. These shares were delivered on 19 May 2021.
- (5) 50% are valued at €32.59 and 50% at €18.58 before taking into account a discount linked to probability of continued employment.
- (6) 60% are valued at €35.97 and 40% at €18.34 before taking into account a discount linked to probability of continued employment.
- (7) 70% are valued at €40.80 and 30% at €26.74 before taking into account a discount linked to probability of continued employment.
- (8) 75% are valued at €41.51 and 25% at €17.86 before taking into account a discount linked to probability of continued employment.
- (9) 100% are valued at €41.01 before taking into account a discount linked to probability of continued employment.

TABLE 7 – PERFORMANCE SHARES THAT HAVE BECOME AVAILABLE TO THE EXECUTIVE CORPORATE OFFICER DURING THE 2020/21 FISCAL YEAR

Plan no. and date	Number of shares that became available during the fiscal year	Delivery date	Vesting conditions
PSP 2017 awarded 17 March 2017	43,350	19 May 2020	The Chairman & Chief Executive Officer is required to hold in registered form 50% of the performance shares that have vested during the entire term of his appointment (as renewed, as the case may be). This holding requirement ceases to apply when the Chairman & Chief Executive Officer reaches a shareholding target of shares held in registered form corresponding in value to three years of his last annual fixed gross compensation. As of the filing date this Universal Registration Document, the holding requirement was satisfied, as Mr Henri Poupart-Lafarge held a number of registered shares on that date representing a value of more than three years of his last annual fixed gross compensation.
TOTAL	43,350	-	

TABLE 10 – SUMMARY TABLE OF THE MULTI-ANNUAL VARIABLE COMPENSATION PAID TO EACH EXECUTIVE OFFICER

Not applicable.

TABLE 11 – SUMMARY OF THE STATUS AND THE UNDERTAKINGS RELATING TO THE TERMINATION OF THE EXECUTIVE OFFICER’S DUTIES AT 31 MARCH 2021

Executive corporate officers	Employment agreement	Supplemental retirement scheme	Indemnities or benefits owed or potentially owed in case of termination of or change in position	Indemnities related to a non-compete undertaking
Henri Poupart-Lafarge Chairman & CEO	No ^(*)	Yes	No	Yes

(*) Mr Henri Poupart-Lafarge renounced his employment agreement at the end of the 2019 Annual Shareholders’ Meeting.

IMPLEMENTATION OF THE AFEP-MEDEF CORPORATE GOVERNANCE CODE FOR LISTED CORPORATIONS

The Company refers to the AFEP-MEDEF Code of Corporate Governance for Listed Companies (the “AFEP-MEDEF Code”) which, at the time this Universal Registration Document was published, was last updated in January 2020. This document is available on the websites of the AFEP (www.afep.com), the MEDEF (www.medef.com) and the Company.

The Company applies the recommendations of the AFEP-MEDEF Code with the exception of the items set forth in the table below, for which an explanation is provided.

Article of the AFEP-MEDEF Code	Explanation
ARTICLE 14.2 (STAGGERING OF TERMS) “Terms of office should be staggered so as to avoid replacement of the entire body and to favour a smooth replacement of Directors”.	No staggering of terms has been formalised in the Articles of Association since, in practice, renewals are spread over four consecutive years.
ARTICLE 18.1 (NOMINATION OF AN EMPLOYEE DIRECTOR TO THE COMMITTEE RESPONSIBLE FOR REMUNERATION) It is recommended that “one of its members should be an employee director.”	The Directors of representing the employees took office on 1 January 2021. The Board of Directors decided that an adaptation period is necessary before any nomination to a Committee.

METHODS OF SHAREHOLDER PARTICIPATION IN SHAREHOLDERS’ MEETINGS

The information on these methods, provided for by Article L. 22-10-10 of the French Commercial Code and which is an integral part of the Board of Directors’ report, is included in chapter 7 of this Universal Registration Document.

All shareholders have the right to participate in general meetings under the conditions provided for by law and by Article 15 of the Company’s Articles of Association, which are posted in full online on the Company’s website. In addition, the members of the Board of Directors are generally present at General Shareholders’ Meetings.

ELEMENTS LIABLE TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING

Information on these factors, provided for by Article L. 22-10-11 of the French Commercial Code and which forms an integral part of the Board of Director’s report, is included in chapter 7 of this Universal Registration Document.

SUMMARY TABLE OF DELEGATIONS OF COMPETENCE REGARDING SHARE CAPITAL INCREASES CURRENTLY IN FORCE

This table, provided for by Article L. 225-37-4 of the French Commercial Code and which forms an integral part of the Board of Director’s report, is included in chapter 7 of this Universal Registration Document.

Leadership Team

ROLE

The Leadership Team (which succeeded the former Executive Committee effective 1 February 2021), which is headed by the Chairman & Chief Executive Officer, brings together the Presidents of each region and product line and the officers in charge of each function. Finance, Human Resources, Legal, Strategy, Communications and Digital Transformation are represented on the Leadership Team by their respective Officers.

The Chairman & Chief Executive Officer ensures that the Leadership Team pursues the Company's performance objectives *via* its actions and management decisions.

More specifically, Leadership Team's role is to concretely put in place the financial and strategic orientations determined by the Board of Directors. The Leadership Team meets once per week to decide on various matters, and on the following issues in particular:

- strategic matters within the orientations set by the Board;
- industrial footprint and allocation of production efforts;
- capital allocations;
- organisation of professional development and recruitment;
- development of the product portfolio, launch reviews, and rationalisation efforts;
- monitoring and implementation of the procedures that are the most critical for the Company.

The Leadership Team systematically reviews the Group's financial and operational performance, discusses and approves staffing for key positions, reviews the most significant ongoing legal procedures and ensures that legal best practices are implemented.

The Leadership Team approves product, marketing and commercial plans and reviews budget orientations before the Board of Directors adopts the budget.

The Internal Audit and Control Department keeps the Leadership Team apprised of the status of the missions entrusted to it by the Audit Committee. The Leadership Team regularly reviews the performance of the platforms and operational functions at dedicated sessions during which the relevant Directors report on the status of their product development plans and on progress made with operational improvement initiatives.

Finally, in the context of the acquisition of Bombardier Transportation, the Leadership Team regularly reviews the progress of the various programmes and initiatives aimed at the integration of Bombardier Transportation's activities and teams within the Group.

The Leadership Team (and the Executive Committee up until 31 January 2021) met 19 times in the 2020/21 fiscal year.

COMPOSITION

At 31 March 2021, the Leadership Team is made up of the following individuals:

	Main function	Executive Committee/ Leadership Team entry date	Age
Henri Poupart-Lafarge	Chairman & Chief Executive Officer	October 2004	51
Danny Di Perna	Executive Vice President & Chief Operating Officer	February 2021	55
Müslüm Yakisan	President – DACH Region (Germany, Austria, Switzerland)	January 2020	52
Andrew De Leone	President – Africa, Middle East & Central Asia Region	February 2021	38
Jérôme Wallut^(*)	President – Americas Region	November 2015	57
Michael Keroullé^(*)	President – Americas Region	March 2021	49
Ling Fang	President – APAC Region	July 2018	55
Jianwei Zhang	President – China Region	February 2021	64
Gian Luca Erbacci	President – Europe Region	November 2015	59
Jean-Baptiste Eyméoud	President – France Region	November 2015	53
John Saabas	President – Rolling Stocks & Components Regions, Industrial & Engineering	February 2021	61
Benjamin Fitoussi	President – Rolling Stocks & Components, Development & Operations	January 2020	48
Bruno Marguet	President – Rolling Stocks & Components, Platforms	June 2019	58
Matthew Byrne	President – Services Product Line	February 2021	46
Jean-François Beaudoin	President – Digital & Integrated Systems Product Line	July 2016	43
Anne-Sophie Chauveau-Galas	Chief Human Resources Officer	May 2019	45
Laurent Martinez	Chief Financial Officer	July 2018	52
Emmanuelle Petrovic	General Counsel	May 2019	48
Bruno Tourne	Chief Communications Officer	February 2021	42
Thierry Best^(*)	Chief Commercial Officer	November 2015	61
Marc Granger	Chief Strategy & Integration Officer	February 2021	59
Alexandre Domingues	Chief Digital Transformation Officer	February 2021	60

(*) Michael Keroullé joined the Leadership Team in view of succeeding Jérôme Wallut as President of the Americas Region. At the end of a transition period, Jérôme Wallut will replace Thierry Best as Chief Commercial Officer some time in 2021.

As at 31 March 2021, the proportion of women within the Leadership Team reached 14% (vs. 21% within the former Executive Committee which was composed of less members). At the scale of the Group and on the basis of Alstom historic perimeter, on 31 March 2021, women held 16.15% of the positions with the highest responsibilities (i.e., executives and senior managers) and represented 22.3% of all managers and professionals (vs. 16.1% and 21.4%, respectively, on 31 March 2020 and 16.4% and 20.7%, respectively, on 31 March 2019), and 19.2% of the workforce (vs. 18.8% and 18.1% on 31 March 2020 and 31 March 2019, respectively).

The “Alstom in Motion” (AiM) strategy disclosed on 24 June 2019 targets to reach 25% of women in management and professional roles by 2025. This is a global goal which has been cascaded to each Region with intermediate periodic targets to be achieved each year. The achievement of these targets is monitored at the end of each fiscal year.

To reach these goals, several actions, based on a systemic approach, can be mentioned:

- Last year the ALSTOM Women Network of Excellence started in North America and has expanded its presence with networks in France, India, Germany, Austria, Switzerland and UK. The activities of this network of women are mainly focused on providing women with additional resources and tools to develop their leadership skills and manage their career.

- Leadership programs, dedicated to women, have been also implemented in several countries and 30% of the seats of our Global Leadership Program is reserved to women.
- Mentoring programs dedicated to providing senior female leaders with the potential to take over roles with more responsibility in the future, via, for instance, a more global knowledge of the Group business, have been implemented at global level and in some Regions.
- In addition, training activities addressing the Top Management have been roll out throughout the year on how to avoid unconscious bias that can prevent to give the same kind of opportunities of promotion to women as men.

The acquired awareness and commitment from the top management, to have more women in leadership positions, has been clearly proven in the period following the acquisition of Bombardier Transportation.

In the context of building the new organization, the attention to gender balance was not negotiable and the percentage of women with a key role in the new senior levels has reached nearly 25%.

To progress on these last achievements, Alstom set the target of 28% of women in executive positions by 2025, with intermediate milestone of 1% increase every year. To reach this objective, two main talent management actions will be put in place:

- in-depth review of the women talent leadership pipeline; and
- the follow up of an individual development plan to prepare them to hold positions with more responsibilities.

COMPENSATION OF THE LEADERSHIP TEAM

The financial elements accounted for in the 2020/21 fiscal year describing the compensation and benefits granted to members of the Leadership Team are described in Note 35.3 to the consolidated financial statements for the 2020/21 fiscal year.

The compensation of the Leadership Team members, *i.e.*, currently 21 individuals excluding the Chairman & Chief Executive Officer, is decided annually by the Chairman & Chief Executive Officer and is reviewed by the Nominations and Remuneration Committee. This compensation consists of a fixed component and a variable component tied to the achievement of performance objectives determined at the beginning of the fiscal year and is supplemented by a free grant of performance shares.

For 2020/21 fiscal year, variable compensation is tied to:

- on one hand, meeting the Company's overall performance objectives in terms of adjusted EBIT, Free Cash Flow, margin on orders received, and frequency rate of workplace accidents with medical leave, the attendance rate of managers at an Ethics and Compliance training and the result of the Dow Jones Sustainability Index survey; and
- on the other hand, reaching specific individual objectives.

All members of the Leadership Team share the same overall objectives, irrespective of Region or Function. These objectives represent 60% of the target variable compensation of each Leadership Team member, which may vary within a range of 0% to 120%. Specific individual objectives refer to specific priority action plans included in the budgets and strategic plans. These objectives represent 40% of the variable compensation target of each Leadership team member and can vary within a range of 0% to 50%. The achievement of variable compensation objectives is assessed by the Chairman & Chief Executive Officer and approved by the Nominations and Remuneration Committee.

The level of variable compensation is based on industry practice, compensation surveys and advice from specialised international consulting firms.

The aggregate amount of gross compensation paid between 1 April 2020 to 31 March 2021 to Leadership Team members (excluding the Chairman & Chief Executive Officer) by the Company and the companies controlled by the Company within the meaning of article L. 233-16 of the French Commercial Code amounted to €6,523,109.

For 2020/21 fiscal year, the fixed portion represented €4,527,739. The variable component tied to the results of 2019/20 fiscal year and paid during the 2020/21 fiscal year represented €1,995,370 (excluding the Chairman & Chief Executive Officer).

Certain members of the Leadership Team benefit from supplementary pension plans (defined contribution plans). The total amount of the commitments recorded in respect of Leadership Team members (other than the Chairman & Chief Executive Officer) in respect of defined benefits amounts to €77,675 at 31 March 2021. The amounts for which the Group is responsible (paid or recorded) in connection with defined contribution plans (excluding the Chairman & Chief Executive Officer) for the fiscal year was €629,866.

Members of the Leadership Team (as the Chairman and CEO) were not granted any performance shares in 2020/21 fiscal year.

At 31 March 2021, members of the Leadership Team (excluding the Chairman & Chief Executive Officer) collectively held 140,925 shares of the Company.

➤ Officer and employee shareholding

STOCK OPTIONS AND PERFORMANCE SHARES PLANS

Grant policy

The Company sets up, generally every year, a long-term incentive plan in France and outside France within the framework of the authorisations granted by the Shareholders' Meeting and articles L. 22-10-56 *et seq.* and articles L. 225-197 *et seq.* of the French Commercial Code. The Board of Directors approves these plans on the proposal of the Nominations and Remuneration Committee, which reviews all terms, including the award criteria. Grants are made with regular frequency.

Commencing in the 2021/22 fiscal year, the annual long-term incentive plans, which had been previously granted at the last Board of Directors' meeting of the fiscal year in progress, will be granted by a Board of Directors' meeting held at the beginning of the following fiscal year. This change was introduced in order to align the new objectives of the Group (as announced during the July 2021 Investors' day) with the performance conditions under the long-term incentive plans. The same is true for the determination of the achievement level for the performance conditions of these future plans, the date of which will be aligned with the grant date.

As a result of these new award arrangements, no plan was put in place during the 2020/21 fiscal year.

In the context of the long-term incentive plans that were put in place starting in the 2007/08 fiscal year, the Board of Directors wanted to combine the allocation of stock options with the grant of free shares. Since 2016, the Board no longer plans to use stock options in connection with these plans and subjects delivery of all shares to internal and relative performance conditions and continued employment requirements (please refer to the characteristics of these plans in the following pages).

The grants of performance shares vary according to beneficiaries' level of responsibility and performance, with their number increasing as responsibility and performance levels increase. Beneficiaries of performance shares are generally selected from among the Directors of profit centres, functional Directors, country presidents, managers of large projects and, more generally, holders of key salaried positions at Alstom and its subsidiaries who have made a significant contribution to the Group's results.

Since 2004, the number of beneficiaries totals approximately 2% of total Group employees.

Individual grants to members of the Leadership Team are based on the level of responsibilities and are in line with market practice. They are granted under the terms of the plan put in place each year; the characteristics of the performance shares granted to members of the Leadership Team are identical to those of all the other awards.

For information on the grants awarded to the Chairman & Chief Executive Officer in prior fiscal years, please refer to the section on the compensation of Executive Officers in the Board of Directors' report.

Main characteristics of the performance shares

- **Frequency:** Annual grant. Since 2016, the allocation took place in March in order to occur more closely to the beginning of the following fiscal year. As indicated above, commencing with the 2021/22 fiscal year, the allocation will take place after the end of the fiscal year.
- **Performance conditions:** Yes. For the plans granted until 2017, the vesting of all performance shares is subject to the achievement of internal Group performance conditions to be met over a period of three fiscal years following the grant of the performance shares and an external performance requirement to be met at the end of three fiscal years following the grant date of the performance shares. Since the 2018 grant, both internal and/or relative performance conditions are assessed at the end of the third fiscal year following the grant.

- **Conditions of continued employment within the Group:** yes, except in exceptional cases as provided for in the plan.
- **Delivery date:** In a single instalment at the end of a period of approximately three years for all beneficiaries.
- **Holding requirement:** None (except below section).
- **Specific holding requirement for Leadership Team members:** Yes, since 2007/08 fiscal year.

Requirement to hold the shares applicable to Leadership Team members – Rules of conduct

For each plan since the 2007 plan (LTI No. 10), the Board of Directors has set holding requirements applicable to beneficiaries who are members of the Leadership Team.

Such individuals must hold in registered form, for the entire period of time during which they serve on the Team, a number of shares resulting from the free allocation granted under these plans corresponding to 25% of the vested performance shares and have undertaken not to use hedging instruments in respect of all the performance shares.

Moreover, Group's rules of conduct seeking to prevent insider trading prohibit, in particular, any sale of shares during periods preceding the approval of the Group's results and more generally when inside information is held. In addition to this blackout requirements which applies to insiders only, specific legal obligations also apply to all beneficiaries of performance shares, irrespective of whether they are insiders. These obligations prohibit those beneficiaries from selling any performance shares during certain periods determined by law.

Summary of the main characteristics of the stock options plans outstanding at the end of 2020/21 fiscal year

The total number of options that can be exercised under existing plans represents 0.03% of the share capital at 31 March 2021. The main characteristics of all stock option plans put in place by the Company and outstanding at 31 March 2021 are summarised in the table below. No other Group company has implemented stock option plans granting rights to the Company's shares.

TABLE 8 (AFEP-MEDEF CODE) – HISTORY OF STOCK SUBSCRIPTION AND PURCHASE OPTIONS AS OF 31 MARCH 2021

	Plan No. 16 included in plan LTI No. 16 (conditional options)
Date of Shareholders' Meeting	2 July 2013
Date of Board meeting	1 October 2013
Initial exercise price	€26.94
Adjusted post-share buyback exercise price	€23.44
Adjusted exercise price post- 7 December 2020 capital increase	€21.24
Beginning of stock options exercise period	3 October 2016
Expiration date	30 September 2021
Initial number of beneficiaries	292
Initial number of options (adjusted to take the 7 December 2020 capital increase into account)	784,294
<i>including to Mr Henri Poupart-Lafarge</i>	<i>38,052</i>
Total number of options exercised as of 31 March 2021	590,201
Total number of cancelled or lapsed options	72,625
Number of options remaining exercisable at 31 March 2021	121,468
Percentage of capital at 31 March 2021 that may be created	0.03%
Number of shares that may be subscribed at 31 March 2021 by members of the Leadership Team	39,068
<i>of which number of shares that may be subscribed by Mr Henri Poupart-Lafarge at 31 March 2021</i>	<i>38,052</i>

TERMS OF EXERCISE/PERFORMANCE CONDITIONS

Plan No. 16 included in plan LTI No. 16 (conditional options)

- The percentage of options which can be exercised varies according to predetermined Group operating margin levels for the 2014/15 and 2015/16 fiscal years (the "Margins") and requires Free Cash Flow ("FCF") above or equal to zero for each fiscal year.
- 100% of options can be exercised if the Margins are equal to or above predetermined levels and FCF is above or equal to zero for each fiscal year.
- No option can be exercised if the Margins are below 7.2% for 2014/15 fiscal year or 7.4% for 2015/16 fiscal year or if FCF is negative.
- The performance conditions relating to the 2014/15 and 2015/16 fiscal years are deemed to have been met as a result of the completion of the transaction with General Electric.

Achievement of performance conditions: 100% of the options initially granted are exercisable since 3 October 2016.

The exercise is also subject to conditions of continued employment in the Group (subject to exceptions described in the plan).

Following the completion of the transaction with General Electric, 100% of the options granted under LTI plan No. 16 became exercisable. LTI plan No. 15 expired on 9 December 2020. A total of 674,667 options were exercised under this plan.

Conditional stock options granted to Alstom's corporate officers during 2020/21 fiscal year and options exercised by the executive corporate officer

In 2020/21 fiscal year, no option was granted by the Company to Mr Henri Poupart-Lafarge, the Chairman & Chief Executive Officer and Alstom's only executive corporate officer.

The Company did not grant any stock options to other corporate officers during the 2020/21 fiscal year.

No option was exercised by Mr Henri Poupart-Lafarge in 2020/21 fiscal year.

Conditional stock options granted during 2020/21 fiscal year to the ten employees who are not corporate officers of Alstom and who received the largest number of options

Not applicable.

Stock options exercised during 2020/21 fiscal year by the ten employees who are not corporate officers of Alstom and who exercised the largest number of options

(Table 9 of the guide for preparing Universal Registration Documents, AMF Position-Recommendation DOC-2021-02)

	Number of shares subscribed (*)	Average weighted share price (*)
Total number of options exercised during the fiscal year by the ten employees who are not corporate officers and who exercised the largest number of options	11,136	€21.51

(*) Related to exercise of options under LTI plan Nos. 15 and 16. Data includes the adjustment tied to the share capital increase with preferential subscription rights maintained achieved on 7 December 2020.

Summary of the main characteristics of the outstanding plans of free grants of performance shares as of the end of 2020/21 fiscal year

The total number of performance shares that could be created under the free allocation of performance shares that have not yet been definitively delivered represents 0.90% of the share capital at 31 March 2021 (subject to the satisfaction of the performance conditions, assessed in view of the results approved by the Board of Directors' meeting held on 10 May 2021).

TABLE 9 – GRANT OF PERFORMANCE SHARES

The data was adjusted to take into account the adjustment tied to the capital increase with preferential subscription rights maintained achieved on 7 December 2020.

	2018 plan (PSP 2018) (performance shares)	2019 plan (PSP 2017) (performance shares)	2020 plan (PSP 2020) (performance shares)	2021 plan (PSP 2021) (performance shares)	2021 plan (Special PSP) (performance shares)
Date of General Meeting	18 December 2015	17 July 2018	10 July 2019	10 July 2019	10 July 2019
Date of Board meeting	13 March 2018	12 March 2019	10 March 2020	4 July 2021	4 July 2021
Initial number of beneficiaries	732	820	878		
Initial number of performance shares granted	1,016,025	1,080,150	1,145,625	1,375	18
Adjusted initial number of performance shares	1,102,789	1,176,801	1,252,619	NA	NA
<i>of which to Mr Henri Poupart-Lafarge</i>	49,224	57,428	55,787	51,000	23,000
Cumulative number of shares cancelled or lapsed	98,424	58,526	22,500	NA	NA
Number of performance shares remaining at 31 March 2021	1,004,365	1,117,750	1,230,119	NA	NA
Share vesting date or definitive delivery date of the shares (subject to performance conditions)	Fifth business day following the date the 2020/21 consolidated financial statements are published	At the latest, the twentieth business day following the date the 2021/22 consolidated financial statements are published	At the latest, the twentieth business day following the date the 2022/23 consolidated financial statements are published	At the latest, two working days following the end of the vesting period	At the latest, two working days following the end of the vesting period
Percentage of the capital liable to be created (calculated based on the capital at 31 March 2021)	0.27%	0.30%	0.33%	0.50% (on capital at 4 July 2021)	0.07% (on capital at 4 July 2021)
Number of shares that may be delivered to Leadership team members ⁽¹⁾⁽²⁾	218,885	282,218	311,754	341,000	243,000
<i>of which to Mr Henri Poupart-Lafarge</i>	49,224	57,428	55,787	51,000	23,000

	2018 plan (PSP 2018) (performance shares)	2019 plan (PSP 2017) (performance shares)	2020 plan (PSP 2020) (performance shares)	2021 plan (PSP 2021) (performance shares)	2021 plan (Special PSP) (performance shares)
Performance conditions ⁽²⁾	<p>The percentage of shares definitively delivered varies based on:</p> <ul style="list-style-type: none"> one internal performance condition: Group adjusted EBIT margin. This condition will be assessed as of the end FY 2020/21. In order for 50% of the shares to be delivered, the adjusted EBIT margin must be more than or equal to predetermined levels for such fiscal year; an external performance condition, assessed on the date the financial results for FY 2020/21 are published, based on the performance of the Company's shares, calculated as the percent change between the share price at the grant date and the share price at the publication date, corrected to reflect any dividends paid out during the vesting period ("Total Shareholder Return"), compared with the performance of the STOXX® Europe TMI Industrial Engineering Index (hereinafter the "Index") between the same periods. In order for 50% of the shares to be delivered, the share performance must exceed or be equal to a predetermined percentage of the Index price. <p>Performance condition achievement rate: Delivery of 104.50% of the initially granted shares is satisfied and 45.50% of the initially granted shares are cancelled pursuant to the performance conditions tied to the results of FY 2020/21. The shares were delivered on 19 May 2021.</p>	<p>The percentage of shares definitively delivered varies based on:</p> <ul style="list-style-type: none"> two internal performance conditions: Group adjusted EBIT margin and net result to cash conversion rate. These two conditions will be assessed at the end of FY 2021/22. In order for 60% of the shares to be delivered, the adjusted EBIT margin and conversion rate must be more than or equal to levels predetermined for such fiscal year; a relative performance condition, assessed on 31 March 2022, based on the performance of the Company's shares, calculated as the percent change between the share price at the grant date and the share price at the end of FY 2021/22, corrected to reflect any dividends paid out during the vesting period ("Total Shareholder Return" or "TSR"), compared with the performance of the STOXX® Europe TMI Industrial Engineering Index (hereinafter the "Index") between the same periods. In order for 40% of the shares to be delivered, the share performance must exceed or be equal to a predefined percentage of the Index price. 	<p>The percentage of shares definitively delivered varies based on:</p> <ul style="list-style-type: none"> three internal performance conditions: Group adjusted EBIT margin, net result to cash conversion rate, and reduction of the energy consumption in solutions offered to customers. These three conditions will be assessed at the end of FY 2022/23. In order for 70% of the shares to be delivered, the adjusted EBIT margin, conversion rate and energy consumption reduction must be more than or equal to levels predetermined for such fiscal year; a relative performance condition, assessed on 31 March 2023, based on the performance of the Company's shares, calculated as the percent change between the share price at the grant date and the share price at the end of FY 2022/23, corrected to reflect any dividends paid out during the vesting period ("Total Shareholder Return" or "TSR"), compared with the performance of the STOXX® Europe TMI Industrial Engineering Index (hereinafter the "Index") between the same periods. In order for 30% of the shares to be delivered, the share performance must exceed or be equal to a predefined percentage of the Index price. 	<p>The percentage of shares definitively delivered varies based on:</p> <ul style="list-style-type: none"> three internal performance conditions: Group adjusted EBIT margin, Free Cash Flow, and reduction of the energy consumption in solutions offered to the customers. These three conditions will be assessed at the end of FY 2023/24. In order for 75% of the shares to be delivered, the adjusted EBIT margin and the energy consumption reduction must be more than or equal to levels predetermined for such fiscal year, and the Free Cash Flow must be more than or equal to a level predetermined and corresponding to the Entirety of FY 2021/22, FY 2022/23 and FY 2023/24; a relative performance condition, assessed on 31 March 2024, based on the performance of the Company's shares, calculated as the percent change between the share price at the grant date and the share price at the end of FY 2023/24, corrected to reflect any dividends paid out during the vesting period ("Total Shareholder Return" or "TSR"), compared with the performance of the STOXX® Euro Industrial Goods & Services Index (hereinafter the "Index") during the same periods. In order for 25% of the shares to be delivered, the share performance must exceed or be equal to a predefined percentage of the Index price. 	<p>The percentage of shares definitively delivered varies based on:</p> <ul style="list-style-type: none"> three internal performance conditions: Alstom margin evolution on specific projects, achievement of synergies and earnings per share. These three conditions will be assessed at the end of FY2024/25. In order for 80% of the shares to be delivered, the margin evolution, the synergies and the earnings per share must be more than or equal to levels predetermined for such fiscal year; a relative performance condition, assessed at the end of FY2024/25, based on the employee engagement score of the Group as established through an opinion survey, compared with that same engagement score for other companies as measured in the Qualtrics report in 2024/25. In order for 20% of the shares to be delivered, the employee engagement score of the Group must be more than or equal to the score provided by the Qualtrics report.
Share holding period	None ⁽³⁾	None ⁽³⁾	None ⁽³⁾	None ⁽³⁾	None ⁽³⁾

(1) Refers to the Leadership Team as composed on 31 March 2021. The number of rights to which Mr Henri Poupart-Lafarge benefits is presented in the section of the Board of Directors' report on the compensation of executive officers (see pages 232 and 233).

(2) Vesting is also subject to a condition of continued employment within the Group, except as provided for under the plan.

(3) A specific holding requirement applies to plan beneficiaries who are Leadership Team members (see page 224 in respect of the Chairman & Chief Executive Officer and see page 241 regarding the other members of the Leadership Team).

Free grants of performance shares to Alstom's executive corporate officers during 2020/21 fiscal year and performance shares acquired by such executive corporate officers

No performance shares were granted to Mr Henri Poupart-Lafarge in the 2020/21 fiscal year.

43,350 performance shares plan were delivered to Mr Henri Poupart-Lafarge under the PSP 2017 plan during the 2020/21 fiscal year.

Free grants of performance shares during 2020/21 fiscal year to the ten employees who are not executive officers and who received the largest grants

No performance shares were granted in the 2020/21 fiscal year.

The ten largest acquisitions in the 2020/21 fiscal year represent 137,275 performance shares under the PSP 2017 plan awarded in March 2017.

FREE SHARE GRANT

During 2021/22 fiscal year and in accordance with the authorisation granted by the General Shareholders' Meeting of 10 July 2019 (14th resolution), on 4 July 2021, the Board of Directors approved an equal grant of 15 free shares to each Group's employee under the "We are Alstom 2021" plan.

In countries where, for tax and/or legal reasons, a grant of free shares would be difficult or even impossible, the cash equivalent of such 15 shares would be paid in the future to the employees.

The shares vest at the end of two years, *i.e.*, on 4 July 2023.

Approximately 64,000 people in the Group in 21 countries will receive 955,755 free shares under condition of presence. In other countries, 5,750 people will receive the cash equivalent of these 15 shares.

PROFIT SHARING, INCENTIVE PLANS AND SAVINGS PLAN

Profit sharing

An exceptional profit-sharing scheme (*accord de participation dérogatoire*) benefiting at least 90% of the employees of the Group's French companies (excluding Bombardier Transportation entities) took effect on 30 September 2011. The amounts paid under the French statutory profit-sharing arrangements for the relevant employees over the past three years is as follows:

Fiscal year ended 31 March (in € million)	2018	2019	2020
Employee profit sharing	0	0	1.3

Employee savings plan and retirement savings plan

Alstom's French employees can invest their savings from profit-sharing plans, incentive plans, or voluntary savings in the Group savings plan (which is not invested in the Company's securities) or in a collective savings and retirement plan ("PERCO"). In respect of the PERCO savings plan, the Company pays matching contributions of a maximum amount of €900 for non-managerial employees and €500 for engineers and managerial employees for €1,500 paid-in during the year. Engineers and managerial employees benefit from a Company retirement savings plan (Article 83).

In 2020, French employees contributed €8.5 million to the Group savings plan and €5.2 million to the PERCO savings plan. These contributions to the PERCO plan triggered an employer matching contribution of €1.6 million paid by Alstom.

Incentive agreements

More than 98% of the employees of the Group's French subsidiaries benefit from an incentive agreement (*accord d'intéressement*). The amounts paid under such plan in respect of 2020/21 fiscal year are not yet known as of the date hereof, since such amounts depend on a series of criteria defined in agreements specific to each subsidiary whose results will be known within six months of the end of fiscal year, *i.e.*, 30 September of each year, at the latest. The amounts paid in under incentive agreements over the past three fiscal years are as follows:

Fiscal year ended 31 March (in € million)	2018	2019	2020
Employee incentive plans	16.6	18.1	20.1

Employee shareholdings within the framework of the Group savings plan

Within the Group savings plan, the Company carried out share capital increases reserved for employees who are members of a company savings plan.

These employee share purchase schemes enable to even more closely associate employees with the Group's future by subscribing for Alstom shares under preferential terms.

The shares subscribed for by the beneficiaries are held directly or through a company mutual fund (*fonds commun de placement d'entreprise* (FCPE)) depending on the country of residence.

Subscribers in the offering must hold their shares or units for five years, unless an early release event occurs.

The last "We Share Alstom" transaction, which closed on 26 March 2020, was successfully completed: 8,051 employees from the 10 participating countries (Belgium, Brazil, France, Germany, Italy, India, Poland, Spain, United Kingdom, United States) subscribed, *i.e.*, a subscription rate of 28.7%.

At 31 March 2021, the Group's employees and former employees hold 1.37% of the Company's share capital, either directly or through a Company mutual fund (*fonds commun de placement*).

SUMMARY OF TRANSACTIONS RELATING TO SECURITIES OF THE COMPANY BY EXECUTIVE OFFICERS AND THE PERSONS MENTIONED IN ARTICLE L. 621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE CARRIED OUT IN 2020/21 FISCAL YEAR

At 10 May 2021, the following transactions had been reported to the AMF:

Reporting person	Number and date of the decision / AMF report	Security	Type of transaction	Transaction date	Report receipt date	Place of transaction	Unit price (in € unless otherwise indicated)	Transaction amount (in € unless otherwise indicated)
Mr Henri Poupart-Lafarge	2020DD684702 dated 22 May 2020	Shares	Delivery of 43,350 performance shares	19 May 2020	22 May 2020	Off trading platform	-	-
Mr Henri Poupart-Lafarge	2020DD685745 dated 2 June 2020	Shares	Exercise of 22,988 share subscription options	29 May 2020	2 June 2020	Off trading platform	24.10	554,010.80
Mr Henri Poupart Lafarge	2020DD685746 dated 2 June 2020	Shares	Disposal of 22,988 shares	29 May 2020	2 June 2020	Euronext Paris	39	896,532
Ms Sylvie Rucar	2020DD690462 dated 2 July 2020	Shares	Disposal of 750 shares Acquisition of 750 shares	24 June 2020	2 July 2020	Euronext Paris	42.40	31,800
Bouygues SA	2020DD703247 dated 2 October 2020	Shares	Forward sale of 11,000,000 shares under a financial contract	30 September 2020	2 October 2020	Off trading platform	42	462,000,000
Bouygues SA	2020DD710692 dated 19 November 2020	Preferential subscription rights	Disposal of 16,452,176 preferential subscription rights	17 November 2020	19 November 2020	Off trading platform	2.95	48,533,919.20
Ms Sylvie Rucar	2020DD711124 dated 24 November 2020	Preferential subscription rights	Disposal of 500 preferential subscription rights	20 November 2020	24 November 2020	Euronext Paris	4.1225	2,061.25
Ms Sylvie Rucar	2020DD711337 dated 25 November 2020	Preferential subscription rights	Disposal of 830 preferential subscription rights	24 November 2020	25 November 2020	Euronext Paris	4.1750	3,456.25
		Shares	Subscription for 201 shares	25 November 2020	25 November 2020	Euronext Paris	29.50	5,929.50

Reporting person	Number and date of the decision / AMF report	Security	Type of transaction	Transaction date	Report receipt date	Place of transaction	Unit price (in € unless otherwise indicated)	Transaction amount (in € unless otherwise indicated)
Mr Henri Poupart Lafarge	2020DD711707 dated 27 November 2020	Preferential subscription rights	Disposal of 5,000 preferential subscription rights	24 November 2020	27 November 2020	Euronext Paris	3.7718	18,859
			Disposal of 11,829 preferential subscription rights				3.7305	44,128,08
			Disposal of 45,980 preferential subscription rights				3.7530	172,562.94
			Acquisition of 1,000 preferential subscription rights	26 November 2020	27 November 2020		4.36	4,360
Bouygues SA	2020DD722918 dated 7 December 2020	Shares	Subscription for 1,645,215 shares	3 December 2020	7 December 2020	Off trading platform	29.50	48,533,842.5
Mr Henri Poupart Lafarge	2020DD723122 dated 8 December 2020	Shares	Subscription for 17,412 shares	7 December 2020	8 December 2020	Euronext Paris	29.50	513,654
Mr Baudouin Prot	2020DD723373 dated 9 December 2020	Shares	Subscription for 600 shares	7 December 2020	9 December 2020	Euronext Paris	29.50	17,700
Ms Clotilde Delbos	2020DD723386 dated 9 December 2020	Shares	Subscription for 600 shares	7 December 2020	9 December 2020	Euronext Paris	29.50	17,700
Mr Frank Mastiaux	2020DD723245 dated 9 December 2020	Shares	Subscription for 206 shares	7 December 2020	9 December 2020	Off trading platform	29.50	6,077
Mr Yann Delabrière	2020DD723329 dated 9 December 2020	Shares	Subscription for 600 shares	7 December 2020	9 December 2020	Euronext Paris	29.50	17,700
Distinction Capital Inc., person affiliated with Mr Serge Godin	2021DD730554 dated 3 February 2021	American Depository Receipts	Acquisition of 75,000 ADRs	2 February 2021	3 February 2021	New York Stock Exchange	\$5.5573	\$416,797.50
Mr Serge Godin	2021DD730555 dated 3 February 2021	American Depository Receipts	Acquisition of 250 ADRs	2 February 2021	3 February 2021	New York Stock Exchange	\$5.5573	\$1,389.33
Mr Yann Delabrière	2021DD731659 dated 10 February 2021	Shares	Acquisition of 500 shares	8 February 2021	10 February 2021	Euronext Paris	43.63	21,815
Bouygues SA	2021DD736183 dated 11 March 2021	Shares	Disposal of 12,000,000 shares	10 March 2021	11 March 2021	Off trading platform	41.65	499,800,000
MM Consulting, person affiliated with Mr Yann Delabrière	2021DD739243 dated 1 April 2021	Shares	Acquisition of 1,000 shares	31 March 2021	1 April 2021	Euronext Paris	42.52	42,520
Mr Serge Godin	2021DD739654 dated 6 April 2021	Shares	Acquisition of 25 shares	31 March 2021	6 April 2021	Euronext Paris	42.68	1,067

➤ Statutory Auditors' special report on related party agreements

Annual General Meeting for the approval of the financial statements for the year ended 31 March 2021

This is a free translation into English of the Statutory Auditors' report on related-party agreements issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related-party transactions described in IAS 24 or other equivalent accounting standards.

To the Alstom Annual General Meeting,

In our capacity as Statutory Auditors of your company, we hereby report to you on related-party agreements.

It is our responsibility to communicate to you, based on the information provided to us, the main terms and conditions of agreements that have been disclosed to us or which we may have identified in the course of our engagement, as well as the reasons justifying that such agreements are in the Company's interest, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of Article R. 225-31 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R. 225-31 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

AGREEMENTS SUBMITTED FOR THE APPROVAL OF THE ANNUAL GENERAL MEETING

Agreements authorized and entered into during the year

We were not informed of any agreements authorized and entered into during the year to be submitted for approval at the Annual General Meeting pursuant to the provisions of Article L. 225-38 of the French Commercial Code.

AGREEMENTS ALREADY APPROVED BY THE ANNUAL GENERAL MEETING

Agreements approved during previous years

In accordance with article R. 225-30 of the Commercial Code, we have been informed that the following agreement, already approved by the Annual General Meeting during previous years, remained in force during the year.

Bouygues SA letter of agreement relating to the acquisition by Alstom of 100% of Bombardier Transportation from Bombardier and the Caisse de Dépôt et Placement du Québec

Individuals or entity involved:

- Bouygues SA, a shareholder holding a fraction of Alstom SA's voting rights greater than 10%;
- Mr Olivier Bouygues, Deputy CEO of Bouygues SA until 31 August 2020, Director of Bouygues SA and Director of Alstom SA until 25 March 2021;
- Mr Pascal Grangé, permanent representative of Bouygues SA on the Board of Directors of Alstom SA since 19 February 2020 and Deputy CEO of Bouygues SA;

Nature, purpose and terms:

During its meeting of 17 February 2020, your Board of Directors authorized the signature of the letter of agreement related to the acquisition by Alstom of 100% of Bombardier Transportation from Bombardier and the Caisse de Dépôt et Placement du Québec.

Under this agreement, Bouygues undertakes in particular to:

- remain a shareholder of Alstom and not transfer, without the consent of Alstom, any of the securities held by Bouygues SA as of the date of signature of the letter until the earlier of: (i) the General Shareholders' Meeting deliberating on the resolutions related to the acquisition by Alstom of 100% of Bombardier Transportation and (ii) 31 October 2020;
- vote in favor of the resolutions proposed to the shareholders to approve the acquisition of 100% of Bombardier Transportation by Alstom; and
- subject to compliance with applicable laws and fiduciary duties, cause its permanent representative to vote at the Alstom Board of Directors in favor of any decision necessary for the implementation of the acquisition of 100% of Bombardier Transportation by Alstom.

Alstom reiterated its agreement to cooperate and consult with Bouygues SA.

This agreement was approved by the Annual General Meeting held on 8 July 2020.

Motivations justifying the interest of the letter of agreement for the Company:

The Board of Directors, at its meeting of 9 March 2021 confirmed that "all the commitments contained in this letter, as they provide in particular for the support of Bouygues SA to the acquisition by Alstom of 100% of Bombardier Transportation, are overall in the interest of Alstom, its shareholders and stakeholders".

Neuilly-sur-Seine and Paris-La Défense, 21 May, 2021

The Statutory Auditors

Mazars
Jean-Luc Barlet

PricewaterhouseCoopers Audit
Édouard Demarcq Édouard Cartier

➤ Statutory Auditors

PRINCIPAL STATUTORY AUDITORS

PricewaterhouseCoopers Audit

represented by Mr Édouard Demarcq and Mr Édouard Cartier
63, rue de Villiers
92200 Neuilly-sur-Seine, France

Mazars

represented by Mr Jean-Luc Barlet
61, rue Henri-Regnault
92400 Paris La Défense, France

PricewaterhouseCoopers Audit and Mazars were appointed (first mandate) by the General Meeting held on 23 June 2009 and their appointments were renewed by the General Meeting held on 30 June 2015 for a period of six financial years expiring at the end of the Ordinary General Meeting called to vote on the financial statements for the 2020/21 fiscal year.

The appointments of PricewaterhouseCoopers Audit and Mazars will be submitted to the 2021 Annual General Meeting for renewal for a term of six fiscal years expiring at the end of the General Meeting called to vote on the financial statements for the year ending 31 March 2027.

The decision to submit these appointments for renewal was taken by the Board of Directors upon the Audit Committee's recommendation, which was based on a certain number of considerations:

- the high quality of the work and the relationship with the teams in place;
- the knowledge acquired about Bombardier Transportation entities during the preparations for the completion of the acquisition and the need to have available reactive and stable teams once the acquisition completed in order to address any integration issues;
- the absence of account certification assignments for the Bombardier Transportation entities held by the PricewaterhouseCoopers Audit and Mazars networks, which appeared to the Committee and the Board to be a guarantee of independence;
- the reasonable level of fees measured vs. a panel of comparable companies and the commitment taken by the auditors to keep them stable (except evolution of the inflation above 2% in some countries).

PricewaterhouseCoopers Audit and Mazars are members of the "Compagnie régionale des Commissaires aux comptes de Versailles".

ALTERNATE STATUTORY AUDITORS

Mr Jean-Christophe Georghiou

Alternate of PricewaterhouseCoopers Audit
63, rue de Villiers
92200 Neuilly-sur-Seine, France

The alternate Statutory Auditors were appointed by the Ordinary General Meeting held on 30 June 2015 for a term of six fiscal years expiring at the end of the Ordinary Shareholders' Meeting called to approve the financial statements for 2020/21 fiscal year.

The Annual General Meeting to be held on 28 July 2021 will be asked to acknowledge the expiration of the appointments of Mr Georghiou and Mr El Nouchi, which, in accordance with the law, will not be renewed.

Mr Jean-Maurice El Nouchi

Alternate of Mazars
61, rue Henri-Regnault
92400 Paris La Défense, France

STATUTORY AUDITORS' FEES FOR 2020/21 FISCAL YEAR

The Statutory Auditors' fees for 2020/21 fiscal year are described in Note 34 to the consolidated financial statements for 2020/21 fiscal year.

STATUTORY AUDIT CHARTER

In May 2016, following the Audit Committee's approval, Alstom and its Statutory Auditors formalised an Audit Charter which defines the Group's external audit process under the various applicable laws and rules. By formalising this charter, the parties officially committed themselves to complying with the charter and to achieving greater transparency and efficiency.

The main defined rules apply to the following areas:

- principles of allocating audit assignments and fees between both auditing firms;
- work process between the two audit firms and relations with Alstom, notably with the Internal Audit function;
- relationship between Alstom's Statutory Auditors and the Audit Committee;
- principles for awarding assignments in addition to the audit assignment;
- reminder of the procedure for pre-approval of these assignments and of pre-approved assignments;
- reminder of prohibited assignments.



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SUSTAINABLE DEVELOPMENT: CORPORATE SOCIAL RESPONSIBILITY

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 **AFR** The Content of the Annual Financial Report is identified in the summary table with the help of this pictogram.

VP The content relating to the Vigilance plan is identified in the summary table and in the text with the help of this pictogram.

➤ Extra-Financial Performance Declaration

This section is part of Alstom's management report and presents the Company's sustainable development strategy, action plans and achievements as well as its environmental, social and societal information, as requested by the ordinance No. 2017-1180 of 19 July 2017 implementing the directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 on the publication of non-financial information, as well as by its implementing decree No. 2017-1265 of 9 August 2017 on the publication of non-financial information.

The elements presented cover the activities within Alstom scope as of 1 April 2020 with the exception of the initial section "A proactive policy of Corporate Social Responsibility (CSR)" and other information specifically mentioned. Details of methodology are presented in page 311.

A PROACTIVE POLICY OF CORPORATE SOCIAL RESPONSIBILITY (CSR)

Leveraging strategic opportunities from global and local challenges in a world of uncertainty

The world is facing strong, rapidly evolving demographic, environmental and economic dynamics, resulting in growing environmental and social challenges. Integrating these challenges in the Company strategy and related Sustainability & Corporate Social Responsibility programme is an essential factor of development, resilience and long-term success.

More than ever, climate and environmental issues are pressing

- The latest United Nations projections estimate that the world's population is growing rapidly, and it is expected to reach more than 9.7 billion people in 2050⁽¹⁾. Despite the obvious short-term effects resulting from the pandemic crisis, long-term prospects remain: due to demographic and economic growth, mobility needs for passengers and goods will continue to increase.
- Climate change has already started with temperatures estimated to have reached +1°C already compared with pre-industrial levels⁽²⁾ and its first effects can now be perceived (sea-level rise, multiplication of extreme natural events etc.).
- 2020 showed a record fall of global energy-related CO₂ emissions of 5.8%⁽³⁾, the largest annual percentage decline since 1950. About half of this decrease comes from the drop of emissions from oil due to the reduction in road transport and aviation which confirms the critical role of transport in global emissions. In preparation of the United Nations Summit on Climate Change COP 26, states are currently reviewing their national contributions in which transport should play a significant role. In the context of uncertainty resulting from the Covid-19 crisis, the extent to which countries will decide to raise their level of ambition in the short-term and aim for carbon neutrality by 2050 as many had planned, remains to some extent unknown. The European Green Deal maintains the ambition to reach climate neutrality in 2050 and reach a reduction in transport carbon emissions of 90% by 2050. In 2020, China announced carbon neutrality before 2060 while the USA are

now back in the Paris agreement. However current revised NDCs (covering about 30% of emissions) only show a less than 1% reduction in expected CO₂ emissions between 2010 and 2030 while a reduction of at least 25% would be required to limit global warming to below 2°C⁽⁴⁾. Succeeding in decoupling the increase in mobility from carbon emissions by favouring the modes with the lowest carbon footprints, *i.e.* shared modes and electric transport, remains critical for the success of the Paris Agreement.

- The transport decarbonisation trajectory remains complex to implement. Efforts so far have been to a large extent focused on decarbonisation of passenger traffic for which electrical transport powered by renewable energy appears as the most logical path. Hydrogen is also now confirmed as a credible long-term alternative to fossil fuels for applications requiring a high degree of autonomy. Decarbonisation of freight transport which represents about 40% of CO₂ emissions from transport⁽⁵⁾ should logically receive more attention in the future.
- Cities alone account for about two thirds of energy consumption and more than 70% of CO₂ emissions worldwide. They are major players in environmental policies. The most advanced ones are showing their ambitions in terms of carbon neutrality, setting up restricted or low-emission traffic zones, encouraging the use of shared mobility solutions or the transition to electric power (*e.g.* Los Angeles, Mexico City, Paris, London or Milan).
- In addition, the focus of public authorities on air quality and its potential health impacts remains high, while over 90% of the world's population lives in locations where pollution levels exceed the limits set by the World Health Organisation⁽⁶⁾. Air emissions from road transport – especially fine particles resulting from diesel combustion – contribute significantly to the poor air quality in big cities. The pursuit of environmental objectives should lead to the continued development of regulatory and normative constraints in many countries such as legislation on the long-term stop of sales of combustion vehicles (*e.g.* France, UK or Taiwan) even if the post-crisis management could delay the implementation of some of these policies.

(1) United Nations, Department of Economic and Social Affairs, Population Division (2019). World Population Prospects 2019: Highlights (ST/ESA/SER.A/423).

(2) Intergovernmental Panel on Climate Change – Special report 2018 Global Warming of 1.5°C.

(3) IEA, Global Energy Review: CO₂ Emissions in 2020 – March 2021.

(4) United Nations Climate Change – NDC synthesis report 2021.

(5) ITF Transport Outlook 2019.

(6) World Health Organisation, Ambient Air Pollution: A Global Assessment of Exposure and Burden of Disease – 2016.

- Finally, as concerns for the availability of natural resources rise and result in new legislations and citizen expectations, circular economy appears as a key consideration, likely to be reinforced in the mobility and rail sectors in the future.

The sanitary crisis, an opportunity to accelerate the transition or a step back to individual mobility?

- The sanitary crisis has significantly affected mobility habits (with a push for individual types of mobility) and the transport of goods as well as the economical balance of whole economic sectors including transport. It provides an opportunity to reconsider mobility needs and experiment new mobility patterns such as the large deployment of remote work generating reduced mobility needs, or the rapid development of soft modes like walking and biking and sudden reduction of air travelling which was showing the highest pace of increase over the previous years.
- It is too early to determine to which extent new mobility patterns will continue over the long term. However, concerns about sanitary conditions in public transport have also led to a push-back to individual cars in city centres which has the potential to ruin decades of efforts to encourage modal shift to less emitting transport modes. Maintaining and restoring confidence on the management of sanitary conditions in public transport is a critical challenge to maintain the capacity of public transport to play its key environmental and social role.
- National and European recovery plans are creating a major opportunity to accelerate an energy transition in critical business sectors including transport first and foremost. The unprecedented effort to support Hydrogen development with major plans announced in 2020 in Europe, Germany and France is a good illustration of this.
- Globally, and particularly in the western world, the pandemics seem to have reinforced the visibility for civil society of the potential threats resulting from environmental disruptions and amplified the awareness on environmental issues rather than resulting in a switch back to refocus on economic priorities.

Clients and investors increasingly care about Sustainability and Corporate Social Responsibility (CSR) practices

- In many sectors including mobility, an increasing number of clients are integrating sustainability-related criteria in their tender processes. The environmental and social performance of products and services is more and more considered in addition to their technical performance or competitiveness. The extra-financial performance takes on additional significance for large transport projects, which have a long-term environmental, social and economic impact on territories. In order to answer mobility needs while also addressing their engagement in favour of sustainable development and sometimes even climate neutrality, transport system providers must be able to offer innovative, competitive and sustainable solutions. With the ever-growing consideration given to CSR criteria, it is key for companies today to demonstrate to their clients that their offer can help them reach their own climate-related targets, and that contribute to the social and economic growth of territories in an inclusive way.

- In parallel, finance has been one of the most active sectors over the last couple of years to promote and support the in-depth transformation of the economy. More than 3,000 finance actors have now signed the Principles for Responsible Investment which represents \$103.4 trillion in Assets under Management. This illustrates the broader trend towards a better integration of environmental, social and governance criteria in investments. This move comes with the development of new standards and classification tools such as the European taxonomy for sustainable activities, under finalisation, that will allow sustainable finance to be even more impactful. It is expected to generate significant opportunities for companies able to identify and clearly demonstrate their positive contribution to a low carbon economy and a sustainable development model.
- In the specific context of the Covid-19 pandemic, which poses significant operational risks to companies, investors are likely to believe that those with strong governance credentials show greater resilience. In times of crisis, political scrutiny and reputational risk increase the influence of non-financial considerations on capital allocation decisions. The global Covid-19 crisis might foster the rise of stakeholder value approaches.
- This sustainability focus from the finance sector represents also an opportunity for companies to get funding for sustainable and innovative projects. The European Green Deal should mobilise at least €1 trillion in sustainable investments over the next decade, with the aim of attracting private sector funding particularly in the fields of renewable energy and transport.

Evolving social expectations

- The social gaps remain high, both in cities subject to unprecedented urban sprawl and in rural areas where poverty is still largely concentrated and where populations are isolated. In France, the average distance travelled per day increased from less than 6 km in 1950 to 36 km in 2018⁽¹⁾ and about 20% of the working population has difficulty accessing transport⁽²⁾. In emerging countries this percentage can be higher than 80%⁽³⁾. Socio-economic development strategies must encompass the improvement of fundamental service delivery, including transport systems.
- The young generations are increasingly mobilized around climate change issues and are inviting world economic and political leaders to take concrete steps to fight global warming. More generally, citizens from many countries, particularly western ones, are realising the importance of climate change, the protection of the environment and of the role they can play individually via their lifestyle, consumer and employer choices. This is leading to changes in their food and transport habits with knock on effects on the economic growth of these sectors. This move, which started before the Covid-19 crisis could amplify as voices rise to demand that national plans target green growth and energy transition rather than back to normal economy.

(1) *Repenser les villes dans la société post carbone*, Jacques Theys et Éric Vidalenc (dir.), Ministère de l'Écologie-ADEME, 2013 and Observatoire des Territoires 2019 (distance outside Paris area).

(2) *Laboratoire de la mobilité inclusive*, 2017.

(3) FIT, Highlights of the International Transport Forum 2011: Transport for Society, OECD, 2011.

- The growing implication of civil society in sustainability debates is leading to the evolution of legal tools available and the extension of the reach of the law. For example, the French Corporate Duty of Vigilance Law from 27 March 2017 establishes a legally binding obligation for companies to identify and prevent key extra-financial risks including adverse human rights safety and environmental impacts. Legislations continue to evolve, for example in Germany where a Duty of Vigilance Law was issued in 2021 and at the European level where similar legislation is under preparation. Expectations and pressure on companies to exercise leverage in their supply chain to push deployment of Sustainability practices beyond the boundaries of the activities under their control is reinforcing. Citizens and NGOs are also increasingly ready to leverage legal mechanisms to push authorities and private sector to strengthen their environmental and social action.
- The COVID crisis, which is creating and reinforcing social inequalities within societies and countries, is triggering increased needs for support with social bodies affected in an unprecedented way. This requires states, NGOs and companies to join forces in an attempt to alleviate some of the social consequences of the crisis.
- In 2015, 17 Sustainable Development Goals (SDGs) defined by the United Nations, established a “blueprint to achieve a better and more sustainable future for all”. They list the challenges which the world faces today, including poverty, inequality, climate change, environmental decline, peace and justice. Transport is an essential pillar for several SDGs as it contributes to economic development, to promoting employment and well-being and reducing inequality and exclusion. While progress has been made in some key areas, many goals still require urgent collective attention. With less than 10 years left to reach these SDGs, the private sector’s role is essential to meet this challenge and companies should clarify their contribution.
- The evolving work habits, and new constraints on work organisations and structures are pushing companies to evolve while generating new needs to take care of and accompany workers who are experiencing rapid evolution in work patterns with limited time for adaptation.
- Specifically, for Alstom and following the acquisition of Bombardier Transportation in January 2021, the successful integration, and merge of cultures will be key to the success of newly shaped company.

Alstom’s sustainable development strategy detailed hereafter fully integrates these trends and challenges.

Alstom’s mission: contribute to the transition towards sustainable transport systems

Access to transport is an essential factor of social progress and economic development making it possible to access work, medical services, education, culture and leisure activities. As a historical player in the field of sustainable mobility, Alstom considers that it is its mission to support the transition to sustainable transport systems that are, environmentally friendly, safe, efficient and inclusive.

Indeed, Alstom offers innovative and capacitive solutions that are attractive throughout their entire life cycle, based on electric and shared mobility, and responsive to social expectations. Every day, everywhere in the world, Alstom’s trains and systems transport millions of passengers.

- For daily journeys within expanding urban and suburban areas, Alstom’s trains offer comfortable and reliable high-capacity public transport solutions. Regional trains provide efficient daily commuting services between new urban areas. Intercity and high-speed trains link the very hearts of cities while providing an unrivalled level of comfort. By connecting urban and interurban territories, Alstom’s rail solutions thereby contribute to their economic growth.
- Urban projects, where the Group is involved actively, contribute to the sustainable development of cities by providing access to transport to all and optimising transport capacity in dense areas with solutions ready to accommodate their future growth. These projects often provide an opportunity to enhance the urban landscape promoting soft mobility modes for an increased attractiveness of the territory.
- The advantages in terms of air quality, use of space, safety, energy efficiency and CO₂ emissions of rail systems, the core of Alstom’s portfolio no longer need to be demonstrated. The potential for electrical mobility to curb CO₂ emissions and air pollution should still improve in the future with the development of clean and renewable energy sources while alternatives to diesel for rail also allows to decarbonise remaining emissions in rail transport.
- Major transport projects are also an opportunity to develop territories through the implementation of new industrial sites, the development of local supply-chains and the creation over the mid-term of a qualified labour employment market. This is the case, for example, in India, South Africa, Australia, the USA or more recently Philippines et Vietnam.

Sustainability and Corporate Social Responsibility is fully integrated in Alstom’s strategy

Our value creation model

All information related to the Company and its business model, the markets in which it operates and its positioning, as well as its competitive and regulatory environment, are available in chapter 1 describing the Group’s activity (pages 10-11). Additional elements concerning risk factors are provided in chapter 4 (page 155), corporate governance in chapter 5 (page 183), and finally the Company’s history and organisation chart in chapter 7 (page 335).

Alstom’s Sustainability and Corporate Social Responsibility policy

Alstom’s Sustainability strategy primarily reflects its ambition to facilitate the transition towards global sustainable transport systems. The Group is also convinced that anticipating environmental and social challenges and managing the risks and opportunities they entail is important for operational efficiency in the short-term and will deliver its long-term growth whilst contributing to the development of its employees and society as a whole.

Alstom’s Sustainability and CSR policy, which was updated in March 2021, is the over-arching Policy of the Company, linking the six other policies (Quality, Railway Safety, EHS, Ecodesign, Ethics & Compliance, Security). Sustainability is fully integrated in Company strategy and key processes.

Dialogue with stakeholders

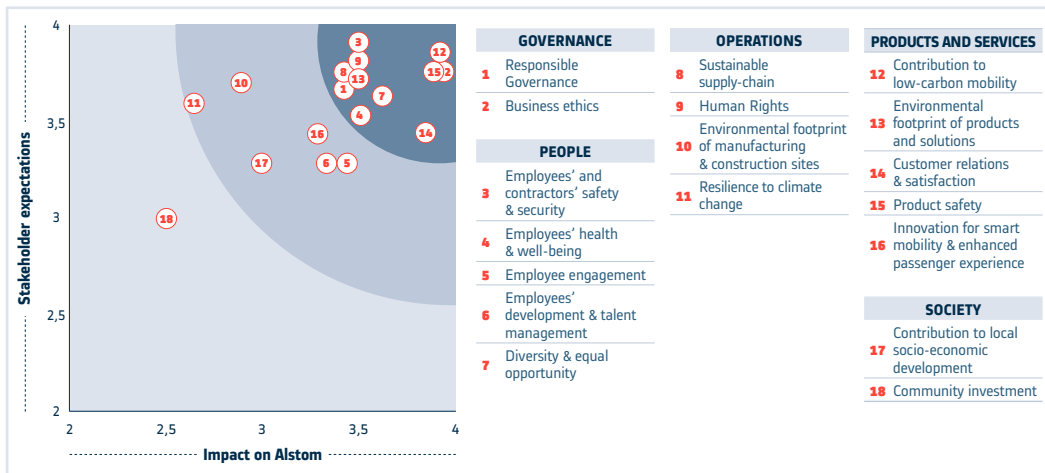
The efficiency of Alstom’s sustainable development actions depends on the integration of the expectations of its main stakeholders: customers, employees, public authorities, shareholders and potential investors, civil society, etc.

In order to better understand and integrate these expectations and to assess the relevance of Alstom’s Sustainability and CSR policy, the Company launched a stakeholder dialogue campaign in 2020, aiming first to update its materiality matrix.

The evaluation of the different challenges classified in five areas (Governance, People, Operations, Products and Services, and Society) was based on 40 qualitative interviews, both with internal and external stakeholders, and more than 60 other external online consultations conducted with the support of a consultant. In addition, feedback from the internal engagement survey completed by 24,300 employees, was included in the analysis. In the survey, employees were asked to select key CSR and sustainability topics.

This broad campaign allowed the identification of the priority issues for stakeholders, perception of Alstom performance on these issues and potential gaps. As part of the campaign, a stakeholder mapping tool and materiality assessment methodology have been developed to be rolled out at country level, for greater engagement at local and operational levels.

More details on Alstom’s sustainable development materiality matrix are available on www.alstom.com.



The materiality matrix along with the extra-financial risk mapping, fed in to the 2025 Sustainability and CSR plan, which has been built around four pillars:

- enabling the decarbonisation of mobility;
- caring for people;
- creating a positive impact on society;
- acting as a responsible business partner.

Alstom’s contribution to the United Nations Sustainable Development Goals

As a signatory member of the United Nations Global Compact, Alstom supports the Sustainable Development Goals (SDGs) that aim at ending extreme poverty, protecting the planet and ensuring prosperity for all.

Alstom bases its value system and business approach on the 10 principles of the Global Compact and submits its Communication of progress (COP) each year⁽¹⁾.

Considering that its sustainable development policy is a lever for the SDGs implementation, Alstom has identified the three objectives to which its daily activities, core business and initiatives contribute as being at the heart of Alstom’s mission:

- Industry, innovation and infrastructure (SDG 9);
- Sustainable cities and communities (SDG 11); and
- Climate action (SDG 13).

In addition, the Company’s activities also contribute to nine other objectives, illustrated hereafter.

(1) More information on www.unglobalcompact.org

Sustainability and CSR strategy and main targets

Revealed in July 2021, the Group’s strategic plan “Alstom in Motion 2025” is setting a reinforced and clear ambition: to be the leading global innovative player for a sustainable and smart mobility. To meet this goal,

the Company relies on an Agile, Inclusive and Responsible corporate culture placing Alstom’s Sustainability and Corporate Social Responsibility policy at the heart of its strategic plan.

A revised set of quantified and assessed objectives have been issued and cascaded to Alstom’s operations.

Strategic pillar	Main targets	SDG
Enabling the decarbonisation of mobility	<ul style="list-style-type: none"> -25% energy consumption in solutions by 2025 versus 2014 100% main solutions covered by ecodesign approach by 2025 100% electricity from renewable sources by 2025 Science-based CO₂ emission reduction targets in line with the Paris Agreement^(*) 	     
Caring for people	<ul style="list-style-type: none"> Total Recordable Injury Rate at 2.0 in 2025 Global Top Employer certification 28% of women in manager & professional roles by 2025 	 
Creating a positive impact on society	<ul style="list-style-type: none"> Deployment of localisation plans in the context of major orders 250,000 beneficiaries from Community Investment programs and Alstom Foundation activities in 2025 	  
Acting as a responsible business partner	<ul style="list-style-type: none"> ISO 37001 certification 100% of suppliers monitored or assessed on CSR and E&C as per their level of risk Monitoring of incident regarding child labour, forced labour or freedom of association through the alert procedure & social survey Audits on the living and working conditions of Alstom subcontractors 	 

(*) Science-Based Targets developed on Alstom legacy perimeter. As part of the Bombardier Transportation integration program, these targets will be reviewed by the end of FY2021/22.

Governance and implementation of Alstom’s Sustainability and CSR policy

The implementation of Alstom’s Sustainability and CSR policy is monitored by the Sustainability and CSR team. As of 1 February 2021, this Department is under the responsibility of the Chief Strategy and Innovation Officer, placing sustainable development at the heart of the organisation. Sustainable Procurement, Ecodesign, Social, Environment Health and Safety, and the Integrity programmes are deployed in the corresponding functions of the organisation and are consistent with the global sustainable development approach.

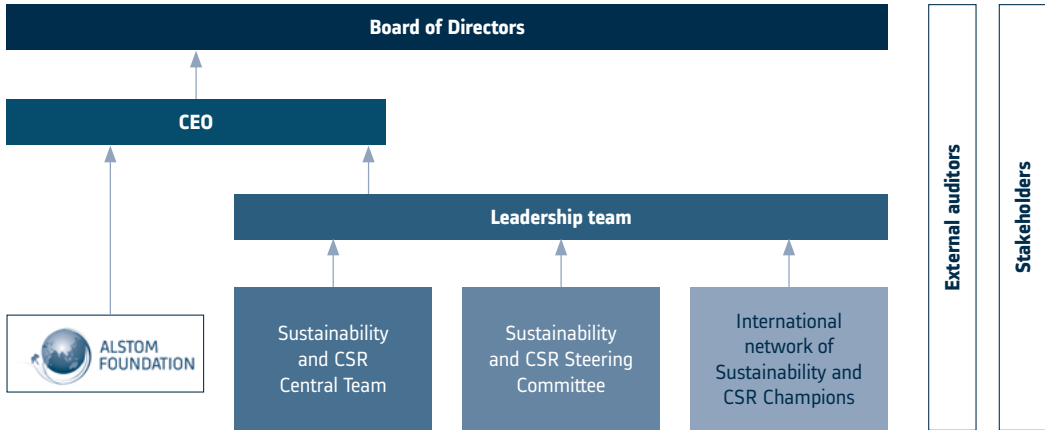
Progress on Alstom’s Sustainability and CSR performance is discussed within the Board of Directors, twice a year.

The internal Sustainability & CSR three-year action plan is submitted and reviewed twice a year by the Leadership team.

The Sustainability and CSR Steering Committee, comprised of members from Human Resources, Procurement, Strategy, Sustainability & CSR, Engineering, Environment Health and Safety, Communications and Ethics and Compliance Departments, meets on a quarterly basis to oversee and monitor progress on the initiatives, and coordinate the deployment of transverse activities.

Alstom’s sustainable development approach is implemented through a set of programmes that combine general and specific objectives, whilst leaving room for local initiatives. Implementation of the CSR policy in regions is deployed by the local network of Sustainability & CSR Champions. In all the Company’s main countries of operation, a CSR

champion (33 in total) supports the Managing Director to implement Alstom policies and processes locally; manage certain local CSR initiatives; develop relations with local organisations and communities; develop and maintain the Country Community Action Plan; and contribute to report and communicate on CSR initiatives, good practices and the Foundation.



Following the acquisition of Bombardier Transport, governance of Sustainability and CSR will be updated.

Moreover, since 2018, Alstom raises employee awareness of sustainable development topics thanks to the deployment of a Sustainability and CSR e-learning in English and in French. This e-learning is mandatory for all newcomers and recommended for specific teams: Engineering, CSR & Sustainability, EHS, Communication, Sales & Marketing and Procurement. 11,243 have been trained so far.

Evaluation of the Company’s Sustainability & CSR performance by independent third parties

Alstom’s Corporate Social Responsibility performance is regularly measured by various rating agencies with different methods and criteria. These evaluations help to identify and analyse areas of improvement.

- In November 2020, Alstom was selected to be part of the Dow Jones Sustainability Index (DJSI) World and Europe for the tenth consecutive year. The rating agency attributed the rating of 78 out of 100 to the Group’s sustainability performance, a score well above the average of the global Machinery and Electrical Equipment sector. Alstom maintained its ranking amongst more than 7,300 assessed companies, being part of the Top 5% of best scored companies in its industry. This year, Alstom significantly improved its assessment in the areas of codes of business conduct, policy influence and social reporting.
- The sustainable development performance of Alstom was last assessed by EcoVadis in 2021. The Company obtained a score of 74 and the resulting “Platinum” status. It was among the top 1% rated companies on the platform.
- In December 2020, Alstom attained the highest possible score of “A” in the 2020 annual assessment for transparency and leadership on climate issues, run by global environmental non-profit CDP. Alstom is one of a small number of high-performing companies out of the 5,800+

that were scored, demonstrating Alstom’s commitment to sustainable mobility and underlining the Company’s policy and strategic structure aiming to reduce negative impacts in terms of climate change.

- Early 2021, the Group earned a place on the 2021 Global 100 Most Sustainable Corporations in the World and Clean200 list by Corporate Knights, an annual recognition of the world’s most significant publicly traded firms according to the size of clean revenue from products and services that provide solutions for the planet and define the clean energy future.
- Alstom also received an AA grade in the MSCI ranking of March 2021 and obtained an ESG risk rating of 20.1 in its Sustainability assessment.
- Alstom also positioned itself as an employer of choice by being certified Top Employer 2021 in Europe, and for the first time in Asia Pacific and North America, with certifications in 14 countries: France, Spain, Poland, United Kingdom, Belgium, Italy, USA, Canada, Mexico, India, Australia, China, Hong Kong, Singapore.
- Through local programs on Sustainability and Corporate Social Responsibility including community activities, Alstom seeks to act and to be recognised locally as a responsible company. For instance, in 2020, Alstom received the AFNOR CSR Commitment label for alignment with the ISO 26000 standard in four countries: France, Italy, United Kingdom and Australia in recognition of Alstom’s commitment to operating in a socially responsible way.

ALSTOM SUSTAINABILITY AND CSR RISK AND OPPORTUNITY MAPPING

As part of French legal and regulatory provisions related to the disclosure of extra-financial information (law No. 2017-1180 of 19 July 2017, called "Extra-financial Performance Declaration" and its application decree No. 2017-1265 of 9 August 2017), the following sections detail Alstom's main Sustainability and CSR risks and how they are managed.

The elements presented in the following sections cover the activities hosted under Alstom scope as of 1 April 2020. Details of methodology are presented in page 311.

Updating Alstom's Sustainability and CSR risk universe

To ensure that the sustainability and CSR risk mapping is kept up to date, the Sustainability and Corporate Social Responsibility Steering Committee revised the list of 31 risks previously established, taking into account emerging trends and stakeholder feedback collected during the 2020/21 fiscal year stakeholder dialogue campaign and update of the Group's Materiality Matrix (described on p. 257). As a result of this process, a new dimension was included in this year's risk universe: "Healthier Mobility" covered in the section on Railway Safety (p. 308). Other risk definitions were amended to improve their relevance to the business.

Risks are formulated as challenges and cover both the risks as such and the opportunities, while the inability to seize an opportunity is considered as a risk.

Management of the Covid-19 pandemic has been integrated in the evaluation of various risks included in the Sustainability and CSR risk mapping, with a particular focus in the following sections: "Healthier Mobility" (p. 308), Health and Safety (p. 272) and Recruitment, Engagement and Retention (p. 276).

Methodology and consistency with internal processes

For the 2020/21 fiscal year exercise, focus was placed on global alignment between the different Company risk mapping exercises. The Sustainability and CSR risk mapping is fully aligned with the Group's global risk management methodology and tool (see chapter 4, "Risk Factors, Internal Control and Risk Management").

The two criteria used to assess risk criticality remain the same:

- risk likelihood – four levels from "Improbable" to "Probable";
- impacts – profit and loss, operational, human and environmental, image and reputation, health and safety impacts.

Risks and opportunities are assessed by the teams in charge of the management of each risk in the Sustainability and Corporate Social Responsibility Steering Committee: Sustainability and CSR, Procurement, Human Resources, Marketing, Environment Health and Safety, Ecodesign, Communication, Ethics and Compliance as well as by the Internal Audit and Risk Management Department. It is worth noting that the assessment of "Impact" considers the highest value for the different types of impacts rather than the average value.

Consolidated results are discussed during a specific workshop including all functions to ensure consistency of understanding and validate final results. The Enterprise Risk Management, Internal Audit and Internal Control Department is involved throughout the process to ensure alignment with the Group's global risk management methodology.

Selecting main non-financial risks and opportunities

The non-financial risks and opportunities considered as material are those which come out with the highest criticality based on the Probability and Impact matrix.

14 main risks or opportunities have been identified as a result. These 14 risks are detailed in this chapter and arranged around the four pillars of Alstom's Sustainability and CSR action plan: 1) Enabling the decarbonisation of mobility; 2) Caring for people; 3) Creating a positive impact on society; 4) Acting as a responsible business partner.

The following risks are mentioned in chapter 4: "People Development", "Recruitment, Engagement, Retention", "Sustainable procurement", "Railway Safety and Healthier Mobility™", "Customer Relationship", and "Ethics and Compliance". This indicates these risks are considered material to the Group's business performance, as well as its internal and external stakeholders. Particular care was taken to ensure consistency between the two risk universes, including definitions and assessments. Additionally, for environmental indicators, Alstom also ensures consistency with its ISO 14001 environmental risk mapping.

The main policies, action plans, results and performance indicators associated to these risks are presented in the following sections.

Globally impacts are estimated over the next three years, however risks identified in red are considered emerging risks as their impact is likely to increase considerably beyond three years.

Extra-financial risk	Description of the extra-financial risks and opportunities	Main stakeholders concerned
Low carbon solutions	Energy consumption and indirect emissions from solutions contributing to climate change-opportunities for low carbon solutions answering market needs to mitigate climate change.	Customers, civil society, investors
Climate resilient assets	Operational impacts on installations, solutions and supply chain resulting from weather events in relation to climate change.	Customers, investors
Ecodesign and circular economy	Environmental footprint of solutions and chemicals management – opportunities for environmental-friendly solutions answering customer expectations and from circular economy.	Customers, local communities, suppliers
Energy and Greenhouse gas emissions performance of operations	Energy costs, contribution to climate change and reputational damage if environmental performance was not in line with target.	Customers, civil society, investors
Health and Safety (Vigilance Plan)	Health and Safety of employees, contractors and visitors and potentially associated litigation, reputational and operational risks.	Employees, contractors, investors, customers
Recruitment, Engagement and retention	Ability to attract, recruit and retain employees. Engagement and motivation of employees through rewarding policies, attractive value proposition and strong diversity and inclusion policies avoiding any form of discrimination. Risk of loss of productivity and attractivity in increasingly competitive environment.	Employees, investors
People Development	Employees career development; supporting competitiveness through talent development; developing and matching skills with needs efficiently.	Employees
Encouraging local development	Contribution to local socio-economic development in territories - leveraging contribution for business development and positioning in public tenders with local content requirements.	Local communities, suppliers, contractors, civil society, customers
Relationships with local communities	Protection of social license to operate and development of good relationships with local communities through open and regular dialogue.	Local communities, civil society
Ethics and Compliance	Deployment of the highest standards of integrity to avoid potential criminal liability, heavy fines, exclusion from markets and damage to reputation.	Customers, civil society, NGOs, investors, employees
Sustainable Procurement (Vigilance Plan)	Health and Safety, Environment impacts and Human rights risks linked to suppliers or contractors, with potential reputational, operational and litigation risks associated.	Suppliers, Contractors, NGOs, customers
Respect of Human Rights (Vigilance Plan)	Human Rights risks for Alstom employees, supply chain and communities, and associated legal operational and reputational risk for Alstom.	Employees, supply chain, investors, NGOs, customers
Customer relationship	Securing customer satisfaction by integrating their expectations in the development of new products and services, and management of these relationships to support future business development.	Customers, Investors
Railway safety & healthier mobility	Dysfunction or misuse of any system that could result in an accident with impacts on health and safety and the Group's reputation, along with litigation risks.	Civil society, investors
Tax evasion	Unfair payment of taxes with reputational damage if the Group were suspected of participating in tax evasion schemes.	Civil society, customers

The Tax Evasion risk is included in the Sustainability and CSR risk mapping in order to comply with French law requirements (*Loi n° 2018-898 du 23 octobre 2018 relative à la contre la fraude*) but does not stand out as one of the Company's material risks.

Information related to other risks

Alstom considers that the information regarding the fight against food waste and food insecurity, respect for animal welfare and responsible, fair and sustainable food is not relevant with regard to the main activities of the Company. Since the Company's food waste is only linked to meals taken in the canteens, it is part of non-hazardous waste and is not specifically monitored.

Information related to collective agreements is available page 324.

Information on fighting discrimination, the promotion of diversity and measures taken in favour of people with disabilities, is included in the section "Recruitment, Engagement, Retention", page 276.

Finally, additional information on other risks and issues of interest to stakeholders is presented on page 315.

1. ENABLING THE DECARBONISATION OF MOBILITY

Green and smart mobility, encouraged by customer, passenger and investor expectations, is leading to a transformation of the market. Already recognised as an industrial reference in this domain, Alstom's mission is to support the transition towards sustainable transport systems by offering innovative solutions that are efficient throughout their entire life cycle.

This involves developing low carbon solutions (page 262); integrating ecodesign and concepts of circular economy (page 268); making sure operations are energy efficient (page 270); and that assets are climate resilient (page 267).

Elements described in the present chapter cover some essential aspects of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). For additional information on how Alstom discloses information in alignment with TCFD requirements, please refer to the comparison table on page 331. Additional information is disclosed through the CDP platform www.cdp.net.

Low Carbon Solutions

CO₂ emissions are one of the main drivers of Climate Change. 2020 showed a record fall of global energy-related CO₂ emissions of 5.8%⁽¹⁾, the largest annual percentage decline since 1950. About half of this decrease comes from the drop of emissions from oil due to the reduction in road transport and aviation which confirms the critical role of transport in global emissions. Despite the conjunctural effect following the Covid-19 crisis, the transport sector is a key contributor to worldwide emissions: with about 8 Gt emitted annually, it represents nearly 25% of world-wide emissions from fuel combustion⁽²⁾ (for standard levels before the Covid crisis).

The implications of the United Nations Paris Agreement on Climate Change (2015) remain clear: in order to limit the temperature rise to well below 2°C by the end of the century and achieve carbon neutrality by 2050, a major transition is needed in the transport sector. In this sense, some important ambitions have been set at the political level. Many countries already announced a halt to sales of new cars equipped with combustion engines e.g. Norway (2025), Sweden (2030), Germany (2030), Denmark (2030), France (2040), United Kingdom (2030) or Spain (2040) in Europe, but also other countries like Taiwan (2030) or Egypt (2040). Cities and provinces are also taking up the challenge and planning a ban of diesel or fossil-fuel vehicles at local level (e.g. Madrid, Paris, Amsterdam, Athens, Mexico, Munich, or regions like California, or Quebec). The EU taxonomy, a classification system establishing a list of environmentally sustainable economic activities, will also be an important enabler to scale up sustainable investment; implement the European Green Deal; and direct investments towards sustainable projects and activities. Civil society is also changing. The "flygskam" citizens' movement born in Sweden ("shame to fly") and evolving in Europe and the United States is an illustration of this trend and pushes to reduce travelling and choose modes of transport with the lowest carbon footprint.

To drive transformation in transport, most international actors acknowledge that the "Avoid Shift Improve" approach, which defines the priorities for action, should be the way to decouple mobility needs from

CO₂ emissions generated by transport. With an already largely electrified network and some of the lowest CO₂ emissions per passenger-kilometre generated by motorised transport⁽³⁾, the rail sector is a key player in the fight to reduce greenhouse gas (GHG) emissions.

Alstom strongly believes that carbon neutrality in transport will be achieved through the transfer of significant flows to cleaner modes (electrical and shared transport), enhanced energy efficiency and optimised multimodality supported by smarter transport systems. The Group is a world leader in sustainable mobility solutions and is globally well prepared to benefit from new opportunities arising from the reinforcement of public policies around Climate Change.

The reinforced need to decarbonise transport and to favour low carbon emission modes through public policies, regulations and increased financing capacities is an important market driver pushing the demand for electrical rail solutions. Therefore, the main risks and opportunities associated to demand for low carbon solutions would be the following:

- major business opportunities to provide customers with competitive sustainable and low-carbon solutions to mitigate and/or adapt to Climate Change (less GHG, extreme weather adaptability);
- reduced orders for diesel regional trains, as countries progressively phase-out diesel;
- high energy consumption and/or indirect CO₂ emissions from solutions impacting the good environmental performance of rail resulting from lack of energy efficiency or inability to decarbonise electricity mix and contributing to climate change.

Strategy and policies

Alstom acknowledges its responsibility to decarbonise both its operations and its product and service offering.

The Company is committed to supporting carbon neutrality in transport and has defined its Corporate Climate and Energy Transition strategy covering all its activities along three axes, based on its analysis of the sector and the Company's challenges:

- placing energy-efficient electrical rail solutions at the heart of its portfolio – Alstom has set a target to reduce the energy consumption of its portfolio of solutions by 25% by 2025 compared to 2014;
- enabling the energy transition for sustainable mobility solutions; in this context, Alstom intends to limit the development of diesel solutions and to focus on the development of alternative solutions to diesel;
- decarbonising its operations, with the goal of achieving 100% renewable energy in its operations by 2025 (see the section on Energy performance of operations, page 270).

This strategy is fully integrated in the Company's Sustainability and CSR policy. The Sustainability & CSR function coordinates the transversal deployment of the Climate and Energy Transition Strategy. It is deployed operationally through a large number of internal actors involving Engineering, Innovation, Ecodesign, Marketing, Procurement, Strategy, Environment Health and Safety teams.

(1) IEA, Global Energy Review: CO₂ Emissions in 2020 – March 2021.

(2) IEA – UIC, Energy Consumption and CO₂ Emissions: focus on passenger rail services, Railway Handbook 2017.

(3) IEA, The Future of Rail: Opportunities for energy and the environment, 2019.

In order to reinforce the relevance of its commitments to limit the effects of climate change and ensure their consistency with the Paris agreements, Alstom joined the “Science-Based Targets” (“SBTi”) initiative striving for carbon neutrality by 2050. Alstom developed a methodology for calculating the level of emissions to be achieved in the long run, based on internationally accepted scenarios for the transport sector, and had its carbon reduction targets validated in January 2021. The targets covering greenhouse gas emissions from Alstom’s operations (so-called scopes 1 and 2) are consistent with reductions required to keep warming to 1.5°C, the most ambitious goal of the Paris Agreement. Alstom’s target for

the emissions from its value chain (scope 3) meet the SBTi’s criteria for ambitious value chain goals, meaning they are in line with current best practice. These have been derived from energy targets set by the Alstom in Motion strategy. Alstom is committed to reduce absolute direct GHG emissions (scope 1) and indirect GHG emissions (scope 2) from Alstom sites by -25% by 2025 vs. 2019 baseline. Alstom has also committed to reducing scope 3 GHG emissions from the use of sold products from rolling stock by 35% per passenger-km and ton.km by 2030 from a 2019 base year. As part of the Bombardier Transportation integration program, GHG reduction targets will be reviewed by the end of FY 2021/22.



Processes and action plans

Alstom strives to deploy the best available technologies across its entire portfolio where relevant and innovation is a key driver for improving the energy efficiency of solutions. The “Green mobility” pillar of Alstom’s new innovation strategy focuses on ecodesign and eco-manufacturing solutions, green traction and road electromobility.

Placing energy-efficient electrical rail solutions at the heart of the portfolio

Alstom’s customers often rank amongst the top electricity consumers in their respective countries and therefore energy efficiency is a key market differentiator. This is the reason why Alstom’s design activities are strategically focused on delivering energy-efficient solutions that can be improved for even greater efficiency.

Alstom’s ecodesign approach integrates the energy efficiency of rail systems into its priorities (see “Ecodesign and circular economy section”, page 268). Standardised methods to determine energy consumption of solutions have been defined whilst the consolidated performance of the solutions portfolio is regularly assessed through a specific Key Performance Indicator. Robust simulations, tools and processes have been developed over the years in order to improve their accuracy and consider all drivers for energy efficiency. Thanks to its permanent focus on innovation, Alstom is pursuing its objectives to enhance efficiency through improved traction systems, weight reduction, improved aerodynamics and heating/air conditioning systems, ecodriving, braking energy recovery and storage, and optimisation at system level.

In terms of energy efficiency, innovation is managed under the Company’s R&D and Innovation processes and is positioned as a System approach in order to ensure the performance of the entire network instead of “only” one sub-system alone. This activity is structured around four axes:

- “Design, lifecycle and impacts”, looking to improve intrinsic behaviour, performance and impact of products and solutions. This includes mass reduction programmes using composite materials and re-designed parts; the optimisation of aerodynamics; improved efficiency of electric or diesel traction systems (permanent magnet motors, optimised engine block control systems, new traction chains, powerful traction auxiliaries); and low consumption auxiliary comfort equipment (lighting, heating, and air conditioning). This systematic and systemic approach to energy balance analysis in the design phase applies to all rolling stock in the portfolio;
- “Energy sources and renewables”, looking at the optimisation of sources, conversions, transformations and transport of energy. The objectives here include identification and selection of the most adequate energy sources; reduction of losses and wasted energy;
- “Operations, recovery and storage”, focusing on the efficiency at point of use and optimised operations. Here the focus is on operations’ optimisation, such as timetable synchronisation, running profile modifications, braking efforts, line receptivity that will generate energy savings while maintaining the performance of the network. Efforts are made to minimise energy losses and maximise its reuse through electric braking until full stop in order to capture the available energy locally (e.g. through photovoltaic panels) thus avoiding the need to transport it over substantial distances, which usually results in losses and lower efficiency. A key factor of optimum energy use is the maximisation of braking energy recovery and its use. Finally, storage, autonomy and hybridation subjects for rolling stock and the entire system will support specific missions and improve further energy efficiency;

- “Smart grid and smart charging” exploring benefits from mutualisation of several networks, looks at energy flows beyond a single network and optimises energy and power of multiple systems using the same energy resource.

The search for energy efficiency is also reflected in Alstom’s solutions and portfolio, for example:

- in Toulouse, France, the transport solution for the third and new 27 km metro line, called Toulouse Aerospace Express was awarded to Alstom this year. The transport system solution designed by Alstom will reduce operational costs and achieve major energy savings through a combination of reversible Hesop™ substations with regenerative braking, efficient traction and braking systems and improved CBTC automatic train control strategies;
- environmentally friendly, the new Marseille metros, which should be on rails by 2023, are eco-designed, enabling them to be 96% recycled at the end of their lifespan. They will consume 25% less energy than the metros currently in service, thanks in particular to electric braking, LED lighting and other optimisations;
- the Urbalis solutions are innovative signalling solutions enabling energy consumption to be reduced by up to 30% thanks to automatization and optimised driving. This solution also allows reduced intervals between trains, increasing capacity by up to 20%, using the same infrastructure;
- the Hesop™ reversible substation is a turnkey solution developed by Alstom for urban and suburban networks. It makes it possible to achieve significant energy savings. Indeed, 99% of the available electrical energy can be recovered on trains equipped with a regenerative braking system and can be reinjected into the network. Hesop™ reduces heat dispersion and therefore the associated ventilation requirements in underground operations. To date, 130 Hesop™ converters have been ordered or delivered for metro projects in Riyadh (Saudi Arabia), Dubai (United Arab Emirates), Milan (Italy), London (United Kingdom) and Panama, as well as for the Sydney (Australia) and Milan tramways. The Hamburg metro also launched the commercial service of the Hesop™ substation on its network, installed in the Raubes Haus station on the U2 line. This year, Hesop™ converters have been ordered by Hannover (Germany) tramway and Toulouse (France) Metro lines.

Enabling the energy transition towards sustainable mobility solutions

Moving away from diesel in rail

In the rail sector, about 55% of electricity consumption is dedicated to passenger services, and most of the diesel (85%) consumption is for freight services but diesel-powered passenger services still represent 25% of the worldwide total⁽¹⁾. More and more operators are taking measures to reduce the environmental impact of diesel operations by specifying stringent emission requirements for motors, favouring diesel-electric traction that provides more flexibility and efficiency, or by using hybrid solutions (such as diesel and batteries) and alternative fuels.

Considering the reinforced pressure on diesel for environmental and public health reasons, Alstom expects to see a progressive phasing out of diesel on the markets it is serving in this segment, mainly in Europe, in the medium term, and aims to accompany its customers to phase out diesel by 2035. Today electrical rail solutions and systems represent most of the Company’s orders. The supply of diesel rolling stock (locomotives or trains, including bimode) represented less than 5% of Alstom’s orders over the last three years. Ultimately, decarbonisation will involve electrical traction, which is the core of the Company’s expertise.

The Group is ready to accompany its clients in this major transition by offering efficient alternatives to diesel trains, such as: electrification, hybrid traction and fully autonomous zero-emissions trains:

- **Electrification:** Alstom has developed the knowledge and the expertise to deliver a full range of electrification services. For instance, the Company is currently providing the electrification system for the 343-kilometer-long Eastern portion of the Dedicated Freight Corridor in India. Alstom also signed this year a contract to provide digital train control, traffic management and electrification infrastructure as part of the rehabilitation and modernisation of the Sighisoara-Brasov section of the European Rhine-Danube rail corridor in Romania.
- **Bi-mode/Hybrid:** the Company is developing a large range of hybrid and bi-mode solutions and continues to expand its portfolio. Prima H3™ shunting locomotives exist in versions using different sources of energy: hybrid (combining the advantages of a battery and a diesel engine) for manoeuvre on closed site or for light freight, dual-mode diesel (catenary power and diesel engine) for manoeuvre, work trains or freight trains on lines with or without catenaries, and dual-battery mode incorporating the additional advantages of battery power. To date, Alstom delivered 42 hybrid Prima H3™ shunting locomotives in commercial service in Germany and Switzerland, representing the largest fleet of hybrid locomotives in service in the world. In France, the first project to hybridise a TER train was launched by Alstom in 2018 in partnership with SNCF and the French regions of Centre-Val de Loire, Grand Est, Nouvelle-Aquitaine and Occitanie. The targeted objectives are a 20% reduction in energy consumption and greenhouse gas emissions, as well as a reduction in operating and maintenance costs. The prototype for the energy storage system completed its trials in February 2021 and the trials will then continue in commercial service from 2022 to validate the functions and performance of the solution in real conditions, with a view to mass deployment.
- **Autonomous zero emissions solutions:** to fully decarbonise operations on non-electrified lines and after being the first manufacturer in the world to offer regional trains powered by hydrogen fuel cells, Alstom has now developed a full range of solutions:
 - Battery solutions are generally more suitable for short and medium-length non-electrified sections. Early 2020, Alstom received an order for 11 battery-powered electric regional trains for Zweckverband Verkehrsverbund Mittelsachsen (VMS) in Germany. These are the first battery-powered regional trains ordered from Alstom. The trains have a range of 120 km and operate on both electrified and non-electrified sections.

(1) IEA, The Future of Rail: Opportunities for energy and the environment, 2019.

- Hydrogen-based solutions are preferable for long-range needs. In November 2017, Alstom signed its first contract to provide 14 Coradia iLint™ trains to the region of Lower Saxony, Germany. The first pre-series trains homologated by the German Federal Railway Association entered the commercial service in September 2018. From 2022, 14 Coradia iLint™ series trains will replace the existing diesel multiple units. In November 2020, the Board of FNM, Lombardy's leading public transport group in Italy, also approved major investments in green railway transportation. Alstom will supply six hydrogen fuel cell trains, with the option for eight more, based on Alstom's Coradia Stream regional train platform. In the UK, Alstom and Eversholt Rail unveiled in 2019 the design of a new hydrogen train for the UK market, Breeze, a conversion of existing Class 321 trains. A new investment of over €1 million was made this year in the Breeze hydrogen train programme in order to create an entirely new class of train, replacing the UK's regional diesel trains that operate across the country. The first trains could be in service in 2024. In France, SNCF Voyageurs has placed an order with Alstom for the first 12 dual mode electric-hydrogen trains, for the French regions Auvergne-Rhône-Alpes, Bourgogne-Franche-Comté, Grand Est and Occitanie regions.

The Group continues to monitor closely the market for trains operating on non-electrified lines in order to determine the development needs for alternatives to diesel. For example, the Dutch railway network includes about 1,000 km of unelectrified lines. Alstom and the Province of Groningen, the local operator Arriva, the national infrastructure manager ProRail and the company Engie, signed a plan for a pilot project to test the Coradia iLint™. Alstom's hydrogen train successfully met all the objectives of the test frame, as stated in the report released last September. In Austria, The Coradia iLint™ was fully approved this year for the Austrian network and successfully completed passenger operation tests with ÖBB (Austrian Federal Railways) regional lines. In the Netherlands and in Spain, Alstom joined hydrogen movements, the Hydrogen Coalition and the Spanish Hydrogen Association, to foster, promote and drive the technological and industrial development of hydrogen technologies.

Expanding the range of solutions for low carbon mobility

Beyond rail, Alstom, as a worldwide leader in electrical traction and complex transport systems, seeks to position itself as a global provider of sustainable mobility solutions in the following fields:

- smart cities – digital solutions are a core enabler for sustainable mobility. Not because they are more sustainable alone, but they allow an affordable way of increasing capacity on green transportation systems. They ensure a positive passenger experience with increased reliability and accessibility. As public authorities and transport operators henceforth target clean mobility services and ensure coordination between several mobility services (e.g. public transport, car-sharing, urban logistics, bike renting), Alstom is developing systems to analyse and manage multi-modal flows of transport such as its Mastria™ platform. This platform facilitates the supervision and optimisation of public transport flows in real time whilst allowing a quick reaction to incidents. Since September 2018, the Mastria™ solution has been deployed through pilot projects to establish traffic forecasts for multimodal operations and manage incidents in Tuscany, Italy, in Panama and in the Saragossa region of Spain;
- long-distance road transport – long-distance transport for freight is likely to be the most difficult segment to decarbonise in the future as the power requirements and distances involved for this segment imply a high level of energy supply. Alstom is developing an innovative infrastructure solution for dynamic charging (e-highways), based on its proven APS (ground level power supply) technology, that has been adapted with Volvo and was tested with success at Volvo's test site in Sweden. This technology will enable electricity to be supplied to any type of vehicle, irrespective of height, which is a key differentiator. Alstom is currently a member of a working group launched over the first semester of 2021 and led by the French General Directorate for Infrastructure, Transport and the Sea, aiming to define France's strategy and policy in terms of electric roads. This work should lead to demonstrators on French highways.

With the acquisition in April 2021 of Helion Hydrogen Power, an innovation-driven company specialised in high power fuel cells, Alstom extends its expertise in hydrogen technology over the entire value chain of fuel cells for heavy duty usages: design, development, manufacturing, engineering support and customer training. Helion covers the energy and transport markets, in France and abroad, including heavy-duty transport.

Decarbonising operations

Alstom has been driving the reduction of the environmental footprint of its operations over the last 10 years with significant progress made. The Group aims to reach carbon neutrality through a step by step approach and is committed to reduce the CO₂ emissions of its operations by 25% by 2025 compared to 2019 in the continuity of successful energy-efficiency programs completed in previous years. The Company has also set a target to switch to 100% electricity supply from renewable sources by 2025 (see section "Energy performance of operations", page 270).

Other sources of emissions (gas consumption, logistics or business travelling) are reported and action plans will be considered at a later stage to progress towards decarbonisation (see page 318).

Joining the public debate and common initiatives

Alstom fully supports the deployment of the United Nations Paris Agreement on Climate Change (2015) and the strategy of the Global Climate Action Agenda on Transport. Therefore, the Company closely follows the United Nations Framework Convention on Climate Change (UNFCCC) negotiation process. Alstom has also participated in the UNFCCC's Conferences of the Parties (COPs) since 2015 in Paris (France) including, most recently, in Katowice (Poland) in 2018 and in Madrid in 2019 and is aiming to join the debate in the upcoming COP 26 in Glasgow. In particular, the Company contributed to the visibility of transportation issues and the promotion of sustainable mobility through its support to the Paris Process on Mobility and Climate (PPMC). Alstom also promotes its contribution to the transition towards sustainable and low-carbon transport systems through its efficient, environment-friendly and attractive solutions and initiatives.

As the Nationally Determined Contributions (NDCs) established by countries under the Paris Agreement are currently being revised in preparation of COP 26, Alstom plans to continue contributing to the public debate in order to support a larger focus on transport emissions targets, on the integration of roadmaps in the process of updating the NDCs as well as on the desired level of ambition.

Moreover, since 2014, the Group has been a member of the Sustainable Low Carbon Transport Partnership (SLoCaT), which promotes the integration of sustainable transport in global policies on sustainable development and climate change. Since 2017, Alstom has also been active as a founding member of the Transport Decarbonisation Alliance (TDA) which gathers countries, cities, regions and companies into an eco-system of frontrunners to deploy roadmaps for the decarbonisation of transport.

The Company also continues to support sectorial initiatives such as the Low Carbon Rail Transport Challenge presented by the International Railway Union (UIC) which targets, *inter alia*, to reduce average CO₂ emissions from train operations by 50% by 2030 and by 75% by 2050, compared to 1990 as a baseline year. To date, specific CO₂ emissions from passenger rail traffic are showing a decrease of about 40% compared to 1990 levels.

After contributing to the Shift Project and AFEP (Private French Companies Association – “Association française des entreprises privées”) evaluation and guidance on energy and climate scenarios⁽¹⁾, Alstom decided to join the “IRIS Initiative” aiming to support corporate strategic thinking on low-carbon transition, adaptation to climate change and resources issues, and so to better anticipate induced business transformations. The IRIS Initiative is a non-commercial partnership project initiated by Carbone 4, in association with leading research institutions (Paris University, HEC, Inland Norway University, Georgetown University, AFD – French Development Agency). It will involve a global network of experts to design systemic and sectorised framework scenarios that will explore different climatic, technological, and sociological pathways including their impact on the business environment taking into account resource availability and planetary boundaries. An agreement was signed in February 2021 for a three-year collaborative project with several other non-competing major companies.

Main results and performance indicators

GHG emissions related to products and services sold (Indirect GHG emissions – scope 3)

In order to identify priorities for action, the Company conducts on a day to day basis assessments of its carbon footprint considering direct and indirect emissions.

Since 2017/18 fiscal year, Alstom has also established a method to assess CO₂ emissions from the use of its products and services, which represent the largest share of the Group’s carbon footprint, as well as emissions related to the materials needed for their construction. These

emissions are evaluated annually for all products and services sold during the year, over their whole lifetime, and taking into account normalised conditions of use (e.g. nominal capacity of transport, energy mix in the country of operation). A detailed analysis of the expected evolution of emission factors for electricity was also completed for countries where Alstom has developed projects, based on national commitments under the Paris Agreement (NDCs).

In the 2020/21 fiscal year, the carbon footprint of products and services sold by the Company was estimated at approximately 21 million tons of CO₂ over an average lifespan of 30 to 40 years.

The geographic distribution of scope 3 emissions is the following:

- Asia/Pacific: 34.0%;
- Africa/Middle-East/Central Asia: 46.3%;
- Europe (France + Europe Region): 16.3%;
- Americas: 3.3%

A significant part of these emissions is related to the Locomotives activity which provides transport solutions for heavy freight. Moreover, Alstom provides electrical solutions all over the world, including in countries where energy mixes are still largely carbon-based (India, Kazakhstan or South Africa). In this context, Alstom’s first priority is to reduce these emissions by continuing its efforts to improve the energy performance of its solutions. Opening the dialogue with its clients concerning the options for supplying trains with electricity from renewable energy sources is another potential area of development.

Regarding passenger transport solutions, emissions amount to an average of 4.6 gCO₂/passenger-km for a total transport capacity of around 20,000 billion passengers-km, compared to an average of 5.3 g in 2019/20. This confirms that Alstom’s solutions rank amongst the most efficient in the transport sector for low-carbon mobility.

Emissions from freight solutions amount to an average of 9.3 gCO₂/t.km⁽²⁾.

Percentage energy consumption reduction

Alstom has set a key performance indicator to monitor its solutions’ energy efficiency. The indicator consolidates the global energy reduction of its portfolio based on an average of the percentages of consumption reduction from free for tenders trains, systems and signalling solutions compared with a baseline of 2014 to the exclusion of “legacy products” only subject to repeat and option orders.

Today, Alstom is able to offer to its clients electrical rail solutions that are 21.7% more energy efficient on average than in 2014 in line with its target for 2025.

	2019/20	2020/21	Objective
CO ₂ emissions of Alstom passenger transport solutions sold during the fiscal year (gCO ₂ /pass.km) ^(*)	5.3	4.6	35% reduction by 2030
% reduction of energy consumption in Alstom solutions	20%	21.7%	25% in 2025

(*) Calculation methodology reviewed to be based on the fiscal year’s sales-related carbon emissions and their associated passenger.kms. 2019/20 data updated according to new methodology.
Calculation based on IEA 2019 emissions factors for 2019/120 and IEA 2020 emissions factors for 2020/21. Transport solutions include light rail, metro and suburban, mainlines and e-bus solutions.

(1) “Energy Climate Scenarios: Evaluation and Guidance”: new report by The Shift Project with AFEP, November 2019.
(2) Calculation methodology reviewed in 2020/21 to be based on the fiscal year’s sales-related carbon emissions and their associated ton.kms. Projects energy consumption and technical information updated.

Climate resilient assets

With the average temperature of the earth having risen by about +1°C since the 1960s, climate change is starting to generate an increasing number of exceptional climatic events such as floods, heat waves or typhoons. Despite efforts made by countries, companies and civil society under the Paris Agreement, it is estimated that the number of events will continue to increase in the future.

The main risks to Alstom's business resulting from climate change include:

- the risk of destruction of installations and supply chain and/or the inability to perform if Alstom's assets are not adapted to new weather conditions resulting from climate change;
- the risk of product damage on site during the execution of contracts in the context of exceptional events;
- liability risks in projects if solutions are unable to withstand future evolving weather conditions.

Strategy and policies

Protection of assets from natural disasters is part of the Sustainability & CSR policy and is under the responsibility of the Environment Health and Safety Department for prevention measures and the Legal Department for insurance.

The objective is to anticipate risks by taking prevention measures in order to avoid severe impacts from such extreme natural events.

Prevention and protection measures are integrated in the environmental management system which is certified ISO 14001.

Adaptation of the solutions to specific climate conditions is integrated in their design. Alstom ensures solutions delivered to customers are able to meet specifications as per requirements in compliance with the Alstom Quality and Railway Safety policies.

Processes and action plans

Alstom manages the adaptation of assets and the adaptation of solutions to Climate Change separately.

Ensuring the resilience of operations

A Group annual risk assessment review is performed as part of the annual budgeting and three-year plan process to identify, analyse and anticipate significant internal and external risks to the Company. Over the past several years, this risk mapping has specifically integrated a review of Climate Change risks. The risk is assessed by taking into account the potential impact of extreme weather conditions – such as tropical cyclones, extra-tropical cyclones, hailstorms, storm surges, flash floods and tsunamis – on the manufacturing activities, sites and buildings of the Company. It also takes into account geographical risk indices and probability ratios provided by insurance companies in order to identify the most exposed company facilities.

Alstom's processes for managing Climate Change related risks include an annual prevention programme, validated by Alstom's insurance company and based on the best available standards. The objective is to ensure that appropriate prevention and protection measures are in place. 10 to 20 sites are visited every year, according to identified potential risks. Depending on the result, improvement actions are

deployed as necessary. This year, the programme was validated jointly by two insurance companies mandated by Alstom, HDI and Allianz, and several actions plans were deployed. For example, following the visit of Alstom's new site in Fez, Morocco, additional water supplies were put in place as the water supply capacity was deemed insufficient by the insurer. Prevention programmes are also set up during the development of new projects. The Savigliano site in Italy has developed in previous years a flooding plan as part of its business continuity plan. Similarly, the Warrensburg site in the United States, which is exposed to tornado risks, is equipped with an alert system to trigger specific protection measures (e.g. the use of a storm shelter) when facing exceptional weather conditions.

In order to expand the perimeter of activities covered by the review process and risk management, Alstom evaluated the exposure of its main project sites to natural risks in 2019. In the context of the acquisition of Bombardier Transportation activities, a reassessment of risks related to natural hazards on the full perimeter will be completed in 2021/22 fiscal year in order to develop and implement a full prevention programme for climate change risks for Alstom's new perimeter of activities.

Developing resilient solutions

The resilience of solutions to climate change is an important topic for the rail industry. According to recent research, the mean Expected Annual Damages (EAD) due to natural disasters for transport infrastructure assets could amount to \$14.6 billion per year. Approximately 73% of the global EAD is caused by surface and river flooding, followed by coastal floods (15%), earthquakes (7%), and tropical cyclones (4%)⁽¹⁾.

Alstom has years of experience in demanding projects on many sites exposed to exceptional weather conditions, from the desert in Dubai to the steppes of Kazakhstan and considers that it has the ability to supply trains and systems that are resilient to climate change. This expertise includes, *inter alia*, enhanced heating/ventilation/air conditioning functions, power supply sub-stations resilient to high temperatures and equipment designed to resist important volumes of snow, rain and corrosion from saline atmospheres. For example, this year, Alstom undertook several complete assessments of the resistance capacity of its transport system when faced with extreme weather conditions, as for the Perth metro in Australia (*i.e.* resilience to high temperatures), for Kochi and Mumbai metros in India (*i.e.* resilience to floods, corrosion, dust) and for the Nantes tramway and Avelia Horizon™ high speed train (*i.e.* pollution, temperature variations).

Alstom decided last year to reinforce existing practices in this field by drafting a new instruction on "Environment & Climatic Adaptation" which was finalised this year. Written by a group of experts in environmental and climatic design, this instruction is based on requirements from the European norm EN 50125, which covers environmental conditions for rolling stock and on-board equipment including high temperatures, humidity, air movement, rain, snow and hail, ice, solar radiation. The document integrates additional requirements to better cover environmental and climatic considerations and goes beyond European requirements for certain criteria such as corrosion from saline atmospheres. Its requirements are now integrated in the Alstom Management System and systematically deployed: for every new project, a climatic adaptation survey is conducted.

(1) J. Rozenberg, X. Espinet Alegre, P. Avner, C. Fox, S. Hallegatte, E. Koks, J. Rentschler, M. Tariverdi. 2019. "From A Rocky Road to Smooth Sailing: Building Transport Resilience to Natural Disasters." Background paper for Lifelines. World Bank, Washington, DC. © World Bank.

In parallel, Alstom is in charge of coordinating the revision of European norm 50125, in agreement with the European Committee for Electrotechnical Standardisation (Cenelec) and the French Office for Railway Standardisation (BNF). The objective is to ensure the applicability of the requirements to railway applications and to better consider the effects of climate change for all parameters.

The identification, assessment and management of climate-related risks are integrated in the global Enterprise Risk Management programme (for more information see page 155).

Main results and performance indicators

The main Key Performance Indicator followed is the number of natural catastrophes generating more than €2 million in product damage and business interruption. In 2020/21 fiscal year no event was recorded.

	2018/19	2019/20	2020/21
Number of natural disasters generating damages and operating losses of more than €2 million	1	1	0

Ecodesign & Circular Economy

Alstom consistently applies a life-cycle approach to its products and services in order to maximise the environmental and economic benefits over time. This approach allows the Company to limit the ecodesign and circular economy risks and to benefit from new opportunities, such as:

- the risk related to the non-compliance of products and solutions, especially relating to REACH⁽¹⁾, F-Gases⁽²⁾ and similar existing provisions (TSCA⁽³⁾ in the United States or China REACH in China⁽⁴⁾);
- the commercial opportunities relating to Alstom’s capability to provide its customers with ecodesigned and low environmental footprint solutions to secure their expectations are met;
- the commercial opportunities linked to the reuse, remanufacturing of components, and recovery of materials through products and services integrating circular economy processes.

This approach is particularly relevant in the context of rising client expectations in terms of ecodesign and the acceleration of associated regulation such as the European Green Deal which should erect Circular Economy as a top priority.

Strategy and policies

In terms of products and services, Alstom favours a life cycle approach to select the main levers of environmental performance and ensure an effective way to control and reduce the footprint of its solutions. This approach covers the different aspects of the solutions, including environmental aspects related to circular economy principles, *i.e.* those related to resources and their efficient management.

Alstom’s ecodesign approach is based on life-cycle thinking, consideration of customer and stakeholder expectations, and continuous improvement.

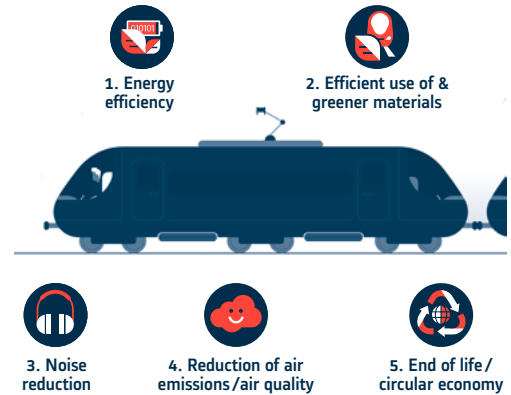
The priorities set in Alstom’s ecodesign policy focus on the:

- energy efficiency of rail transport systems;
- use of greener, recyclable, and natural materials;
- reduction of noise and vibrations;

- reduction of air emissions;
- circular economy and end of life management.

This policy, applicable to the whole Group, is embedded in its design activities as well as in its environmental management system (ISO 14001). It is promoted by the Chief Technology Officer (CTO) and the Vice President Rolling Stock development, and is aligned with the ecodesign referential, supported by a network of more than 100 experts (ecodesigners, acoustics experts, materials experts and energy engineers).

FIVE ECODESIGN PRIORITIES



Processes and action plans

In order to deploy its policy, Alstom has set up and maintains:

- a three-year work plan which is updated every six months and approved by the top management;
- a referential defining the ecodesign process along with instructions, standards, and competency assessment.

(1) Regulation (EC) No. 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals.
 (2) Regulation (EU) No. 517/2014 of the European Parliament and of the Council of 16 April 2014 on fluorinated greenhouse gases.
 (3) Toxic Substances Control Act, codified as 15 U.S.C. 2601-2671.
 (4) China MEP Order 7 – Measures for Environmental Administration of New Chemical Substances issued in January 2010 by the Chinese Ministry of Environmental Protection, known as China REACH.

Ecodesign work plan

The Alstom ecodesign work plan is based on the principle of continuous improvement. Updated regularly, it addresses eight strategic axes:

- the 2025 energy consumption reduction trajectory;
- the coverage of the solutions portfolio and 2025 trajectory. This year, Alstom covered its new signalling solution; new components for rolling stocks such as bogie for new metros, its hybrid regional and X'trapolis™ Suburban trains; and its SRS solution for power battery charging;
- the circular economy scheme development and solution performance improvement. Several initiatives have been launched with services units in France, UK and in Italy such as the pilot large-scale part recovery as part of overhaul contract. A dedicated roadmap on Circular Economy was set up covering design and supply; maintenance and modernisation; waste management and recycling;
- the operational performance. Over 2020/21 fiscal year the IT tool developed to capitalise on and fluidify environmental data management, such as recyclability, material composition and emissivity while ensuring consistency with other tools such as PLM (Product Life Management), was deployed;
- the environmental assessment. To this end, a dedicated roadmap for life-cycle assessment and life cycle thinking is maintained and implemented;
- the environmental risks and opportunities linked to solutions and products with a focus this year on nano materials and green IT. In addition, a mapping of the use of critical materials was established that will allow for the implementation of mitigation steps;
- the standards and regulations. Alstom is a member of the UNIFE⁽¹⁾ "Chemical Risks" group and has prepared upcoming challenges linked to lead as a candidate substance (REACH); Alstom has set up a vigilance plan on 56 substances and as of today 92% of substances have been phased out;
- the human resources and competencies. In 2020, the ecodesign assessment grid was updated. All ecodesign engineers and experts were assessed.

Each Alstom site with development and design activities is required to define its yearly ecodesign objectives. At solutions level, specific and relevant objectives are captured in the ecodesign dashboard.

Processes and way of working

Alstom's ecodesign process is based on a set of management practices. It is gradually being deployed to all solutions for which the approach is relevant and includes:

- enrolling ecodesign and the circular economy philosophy in the Company's DNA. General trainings "Ecodesign for All" are progressively deployed. This year, this training was delivered on the Saint-Ouen, Savigliano and Ridderkerk sites. New ecodesigners have been trained on modules such as "Recyclability and End of life", "Life Cycle Assessment", "Regulations on dangerous substances" and "Emissions and air quality";

- integrating the environmental dimension in the development of solutions and delivering products that meet customer expectations and requirements. For all new developments, performance and market elements are assessed in order to determine how best to implement the ecodesign concept. Besides, during the year, nine new instructions and standards were released. For example, an engineering instruction on the way to follow up project ecodesign studies was deployed;
- ensuring compliance with standards and regulations;
- promoting responsible solutions and communicating on environmental performance along the life cycle through Environmental Product Declarations such as the Environmental Declaration on Mainline Signalling Solutions (ATLAS 200 tracks).

Within this framework, Alstom is continuously improving its competencies, practices and performance in respect of:

- energy efficiency of rail transport systems: With its new signalling system for metro, Alstom has reached an energy reduction of more than 21% in the transport system;
- use of greener, recyclable, and natural materials:
 - limitation of hazardous substances (in particular the so-called Substances of Very High Concern "SVHC" according to the REACH Regulation). This pro-active approach has allowed for a lot of components containing candidate substances to be detected and secured. By this means, 100% of the cases concerned by Annex XIV are substituted before legal deadlines,
 - Alstom has defined criteria to qualify low impact materials and components and developed a catalogue proposing solutions by components/parts category, including ecolabels. For example, new seats fabrics made of 81% renewable materials were proposed to customers,
 - the efficient use of resources. the components used for trains are progressively improved; The seats for new high-speed trains are lighter (-6 kg than the previous generation) and made of less impacting materials (on average, environmental impacts have been reduced by 35%);
- reduction of noise and vibrations for new and for modernised rolling stocks. For example the hydrogen trains displayed an improvement of 4 dB versus Technical Specifications for Interoperability;
- reduction of air emissions and air quality: Optimised electrical braking allows several tons of emissions per year and per fleet to be avoided;
- the circular economy, lifetime, end-of-life management, and recyclability of systems and subsystems:
 - with a complete portfolio of renovation and modernisation solutions, Alstom offers customers the ability to extend the lifetime of their systems whilst allowing for an upgrade of comfort and services. Alstom also delivers end of life manuals geared to optimised and safe recycling. For example, the hybrid loco H4 performs a high recyclability rate of 97% while new regional train Coradia Stream are 96% recyclable. In total, 92% of products sold last year can be reused or recycled,
 - Life-cycle and environmental assessment (LCA). Two years ago, an internal verification panel was set up in order to improve accuracy and standardise Group practices.

(1) The Union of European Railway Industries.

Main results and performance indicators

Based on environmental assessments including life cycle assessments, Alstom identified its environmental priorities and decided to follow the deployment of its ecodesign activities on its solutions using two key performance indicators:

- the energy consumption reduction of its solutions (refer to the section on Low Carbon Solutions, page 262);
- the ecodesign coverage of its solutions, including circular economy aspects.

	2019/2020	2020/21	2025 objective
% of newly developed solutions with ecodesign	25%	36%	100%

Newly developed solutions are classified as “ecodesigned” when environmental footprint reduction targets have been submitted, and a follow up of environmental performance is in place. These are solutions that demonstrate environmental improvement/savings on key aspects without generating significant pollution transfers. The eligible newly developed solutions include recent solutions (<four years) and solutions benefitting from development and R&D programs (>€1 million). This year, X'trapolis™ suburban and Hybrid regional trains were covered, as well as the new Metro bogie.

Energy and greenhouse gas emissions (GHG) performance of operations

The Company can be exposed to different environmental risks, including air and water pollution or the loss of environmental certifications and operating permits. However, Alstom considers that one of its main challenges is related to the consumption of energy for its contribution to CO₂ emissions and climate change. Furthermore, an important increase in energy costs could represent a risk depending on the evolution of electricity prices and energy performance, whereas there are opportunities for cost reduction through energy saving programmes. Other environmental impacts, which are not material are covered in appendix.

Strategy and policies

Environmental commitments are made at the highest level of the Company and are implemented in an Environment, Health and Safety (EHS) policy signed by the Vice-President EHS. The scope of application of this policy is described in an internal standard that also defines the applicability criteria. It includes the main activities, such as manufacturing sites for rolling stock and components, infrastructure and systems projects, service activities and permanent offices. Consequently, Alstom has made a commitment to:

- cause no harm to the environment;
- continually improve its environmental performance;
- maintain an environmental management system;

- strengthen the environmental culture of its employees and subcontractors;
- maintain high levels of environmental skills and offer training at every level of the organisation.

The policy is reviewed on a regular basis and is distributed to all parties concerned. It is displayed on every Alstom site and published on the Company’s website.

Environmental management, including energy, is based on an environmental programme, which encompasses the Energy Plan covering the following aspects:

- consideration given to environmental issues at all levels of the Company;
- definition of environmental objectives in the organisation and periodical results reviews at the same frequency and in the same internal Governance Committees as for financial results reviews;
- implementation of an environmental programme: development and deployment of internal standards, assessment tools, targeted training actions that involve employees, communication and awareness-raising actions;
- an EHS (“Environment, Health & Safety”) organisation managed in the Regions and coordinated centrally.

The Alstom Management System includes the requirements of ISO 14001, which contribute to the process of environmental improvement of the sites.

As part of Alstom AiM (Alstom in Motion) strategy, a new plan for 2025 was launched in 2020, the results of which are presented in this document.

Processes and action plans

On the basis of its environmental risk mapping, Alstom has set three main goals to improve the energy performance of its sites, namely:

- reduce energy intensity by 10% compared to the baseline year 2019 by 2025;
- reduce greenhouse gas emissions (scope 1 and 2) by 25% compared to the baseline year 2019 by 2025;
- use 100% of electricity from renewable energy sources by 2025.

Energy intensity

Energy intensity is defined by the quantity of energy consumed related to Alstom’s activity. Activity is measured in hours worked (Alstom employees and contractors). The quantity of energy consumed is recalculated in order to integrate the climate factor. Consequently, the share of energy used for heating is retreated to take into account the impact of winter temperatures on heating energy consumption. This retreatment is made on a monthly basis using the “Unified Degree Day” factor that estimates on a daily basis the difference (by geographical zone) between a baseline temperature and the average of the measured temperatures.

The Group’s gross energy consumption decreased compared to the previous year. For instance, gross consumption of natural gas (which is the main source of heating and energy for the painting booths) decreased by 8.7% and electricity consumption by 1.2%.

At the end of 2020, energy intensity (integrating the realignment through the climate factor) had dropped by 4% compared to 2019. Alstom is continuing to deploy its energy-saving plan launched in 2016 which had largely reached its 2020 target. This plan is targeting the 20 largest consumers, representing 85% of Alstom energy consumption. The deployment and monitoring of action plans as well as the sharing of best practices are overseen by a three-level governance structure (central, regional, site). This initiative has generated a strong dynamic to make progress and to share best practices. For instance, the LED lighting deployment initiative continues at Group level. In 2020, this initiative was deployed on the Tarbes and La Rochelle sites.

Greenhouse gas emissions related to operations (scopes 1 and 2)

Greenhouse gases produced by energy consumption make up the vast majority of GHG in this area and therefore the Group measures them separately from fugitive emissions of hydrofluorocarbons (HFCs).

At the end of 2020, the GHG emissions from energy consumption have decreased compared to 2019. The share of green electricity in energy supply contributes significantly to the reduction of CO₂ emissions, which are calculated in market-based for the first time this year.

Use of renewable energies

The Group has made an ambitious commitment to use 100% of electricity from renewable energy sources by 2025 including 10% of on-site production, as part of its global initiative for the environment.

At the end of 2020, Alstom was supplied with more than 60% of green electricity, of which 0.6% was produced directly on site.

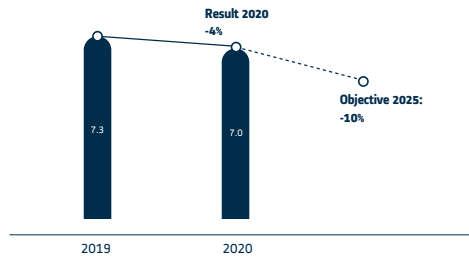
The Company has signed contracts for the supply of electricity from renewable energy sources where it was economically viable. For example, all of Alstom’s electricity supplies come from green sources in Belgium, the Netherlands, the United Kingdom, Germany, Spain, Italy, Brazil, on the Canadian site Sorel-Tracy, and in Poland for 86% of the electricity, through contracts with its electricity suppliers. In France, the share of electricity from renewable energy sources in 2020 has risen from 60 to 70%, (excluding the Belfort site where Alstom does not manage the electricity contract directly). Finally, the Hornell and Rochester sites in the United States are supplied with green electricity through the purchase of green certificates.

Besides, initiatives to install solar PV panels to self-consume green electricity have been launched in India (power purchase agreement finalised in 2020 to install 1 MWp on the Sri City site), in Morocco on the Fez site (30 kWc), in Belgium on the Charleroi site (230 kWc) and in the United Kingdom on the Wembley site (200 MWh/year expected).

Main results and performance indicators

ENERGY INTENSITY (in kWh/hours worked)

2025 Goal: Reduce energy intensity by 10% compared to the baseline year 2019.



Source: Alstom Teranga.

The 2019 figure has been revised following the change of methodology with the integration of contractor hours in the hours worked in order to better reflect the volume of activities on site. In addition, changes on the consolidated perimeter have been taken into account, integrating 2019 data for Astana, Kazakhstan.

DETAILS OF ENERGY CONSUMPTION

(in GWh – raw values)

	Alstom		
	2018	2019	2020
Natural gas	231	243	221
Butane or propane and other gases	8	8	6
Domestic fuel	6	6	9
Steam/heating network	42	42	42
Electricity	187	192	191
Coal, heavy fuels and other fuels	1	0	0
TOTAL ENERGY CONSUMPTION	475	491	469

Source: Alstom Teranga.

The significant drop in the volume of gas consumed is due to the consumption of Nola (-5 GWh), La Rochelle and Reichshoffen (impact of Covid-19 on the activity, particularly in April and May 2020).

	2018	2019	2020	Objective
Share of electricity from renewable sources	36%	36%	60%	100% by 2025

In total, in 2020, 60% of electricity supply was green.

The share of green electricity made a real leap in 2020, thanks to the generalisation of green electricity supply contracts, particularly in countries such as Germany, Italy and Poland. However, the share of green electricity produced on site remains low (less than 1%). Numerous solar PV panel projects are being studied in various countries, and the panels recently installed on the Wembley depot and the Sri City site should make it possible to increase this percentage from 2021.

GREENHOUSE GASES EMISSIONS (in kgCO₂ equivalent)

2025 Goal: Reduce GHG emissions from energy consumption and other direct emissions (scopes 1 and 2) by 25% compared to 2019 as a baseline year.

GREENHOUSE GASES EMISSIONS DETAILS (SCOPES 1 AND 2)

(in kilotonnes CO ₂ equivalent)	Alstom		
	2018	2019	2020
Direct CO ₂ emissions related to the consumptions of natural gas butane, propane, coal and oil ⁽¹⁾ – scope 1	50	52	49
CO ₂ emissions from company cars (using gasoline or diesel oil) – scope 1	4	5	4
Other direct CO ₂ emissions related to HFC fugitive emissions – scope 1	1	1	1
Total CO₂ emissions – scope 1	55	58	54
Indirect CO ₂ emissions related to the consumption of steam, heat network and electricity ⁽²⁾ – scope 2 market based	59	66	45
TOTAL CO₂ EMISSIONS RELATED TO ENERGY CONSUMPTION AND OTHER DIRECT EMISSIONS – SCOPES 1 AND 2	114	124	99

Source: Alstom Teranga.

(1) As regards natural gas, butane and propane, CO₂ emission factors come from "IPCC Guidelines for National Greenhouse Gas Inventories (2006)".

(2) Methodology has been modified to now report scope 2 emissions market-based. Emission factors for electricity come from AIB (2019 data base) or, if not available IEA (2018 data base). Data for 2018 and 2019 have been retreated to show this evolution.

The CO₂ emissions reflect the good progress made on renewable energy program. Alstom Group's direct CO₂ emissions are lower in 2020 than in the previous year, which follows the evolution of gas consumption and the exceptional impact of the Covid-19 pandemic.

2. CARING FOR PEOPLE

Wherever it operates around the world, Health and Safety (page 272) remains an utmost priority for the entire Company, its employees and its contractors. Alstom deploys ambitious programmes to reach a clear target: prevent accidents and eliminate all severe accidents.

Caring for people also means providing employees with the best working environment and employee experience. Making sure the Company attracts, engages, and retains the right people (page 276) is key to ensuring the Company's success.

The value Alstom adds to its customers strongly relies on the skills and competencies of its workforce and its ability to develop them (page 285).

Employees and contractors health and safety^{VP}

Alstom operates in various working environments:

- in its own production and testing facilities;

- in customer premises where Alstom teams are working on maintenance, commissioning or testing activities;
- on project/construction sites with strong interactions with clients and partners.

Due to the nature of Alstom activities, its employees and subcontractors are exposed to health and safety risks: anything that can cause harm to a worker in the working environment, such as mechanical, electrical or chemical hazards, inappropriate employee behaviour, or other factors, is regarded as a risk factor.

The level of risk is impacted by several parameters such as:

- geographical footprint – the Environment, Health and Safety (EHS) knowledge and culture are not at the same level across all countries of the world;
- the level of Health and Safety culture and knowledge of the Company's Partners (consortia & JVs);

- customer EHS policies – as some Alstom activities take place on its customers’ sites, the Group is impacted by the way they address the EHS topic;
- the performance of contractors – Alstom sub-contracts certain activities; as a consequence, the EHS performance of its contractors directly impacts the Company itself.

Safety is considered to be a critical success factor for the performance of projects.

2020 focus on Covid-19 management

Early 2020, Alstom organised dedicated crisis cells based on the crisis management procedure at all levels of the organisation. The main priority was to minimise harm to people. At the beginning of the pandemic, a daily global crisis cell led by the Chief Executive Officer with the top management was organised and assessed the main threats and associated risks.

Alstom paid specific attention to the employee representatives and work councils with a wide range of information and meetings at all levels of the organisation to associate them to the decision-making process and implementation of sanitary measures. Since March 2020 and in the context of the Covid-19 crisis, Alstom has implemented clear procedures and guidelines to protect the health of employees and contractors everywhere Alstom operates, including:

- provide masks and request to wear mask for all: employee, contractor, visitors according to the risk assessment. During the first months of the pandemic, Alstom bought more than 25 million surgical masks and 2 million FFP2 or equivalent;
- develop and implement rules to encourage employees to self-check their temperature at home before commuting to work or implement automatic infrared system at the entrances;
- replace face-to-face meetings by virtual communications and implement remote work wherever possible;
- establish alternating days or extra shifts that reduce the total number of employees in a facility at a given time allowing them to maintain distance from one another while maintaining a full onsite work week. Reinforce cleaning and sanitisation between the shifts;
- implement Hand Hygiene routines during the shifts;
- develop welcome and re-induction for the employees, temporary workers and contractors for any site re-start after a period of shutdown/suspension. Explain the Covid-19 crisis and all measures to be taken and provide a reminder of the existing risks and associated prevention and protection in place according to AZDP and Alstom safety management;
- develop Covid-19 communication plans including information at the workplace, and a forum for answering workers’ concerns and internet-based communications, if feasible;

- define a training plan and provide workers with up-to-date education and training on Covid-19 risk factors and protective behaviours (e.g., cough etiquette and care of PPE), use of protective clothing and equipment, available in the appropriate language and literacy level for all workers;
- define regional return of experiences to share experiences and to develop good practices.

In addition to all sanitary measures, a strict policy for travel has been defined and is still applicable. While it is important to maintain business continuity and keep serving and supporting our customers, all international travel is limited to essential business; requires approval from EHS and HR regional directors prior to departure; and must respect safety and security rules.

Strategy and policies

Alstom’s EHS policy, updated in March 2021, highlights its strong leadership and commitment in this area. It covers all Alstom entities and applies to all employees, temporary workers and contractors. As expressed in the policy, the Group aims to be recognised as the best EHS player in the Railway sector.

By implementing its “Alstom Zero Deviation Plan” (AZDP), Alstom aims to create a safer environment by controlling its High-Risk Activities. Moreover, through the Health and Wellbeing Program, the Company pays particular attention to the health and wellbeing of employees. The Company’s *Agile, Inclusive and Responsible* corporate values help to meet the collective EHS challenge and to leverage the EHS culture throughout the organisation.

The Health and Safety commitments are:

- zero severe accident;
- particular attention to people’s Safety and Health.

In the context of the Covid-19 crisis, Alstom paid specific attention to the mental health of employees. The Employees Assistance Program (EAP) is in place for some countries and a dedicated phone line with support from psychologists for employees has been established. In addition, during the Health and Wellbeing week, Alstom organised a dedicated webinar to the management of stress. It was recorded, and it is accessible to all employees.

The target in terms of lost-time injury frequency rate has been set at 1.0 for March 2021.

In the context of the Alstom in Motion strategic plan, a new KPI is tracked: the Total Recordable Injury Rate (TRIR) which includes Lost-Time Injury and other work-related recordable events such as injury resulting in restricted work or transfer to light duty tasks. The target for the TRIR is 2 by 2025. By expanding the coverage of its KPI, Alstom will consolidate and further develop its prevention program on a larger basis of cases and align with industry best practices and Sustainability Accounting Standards Board (SASB) standards.

The Health and Safety strategy supports a pro-active approach based on:

- visible and active EHS Leadership under the responsibility of the EHS operational management;
- driving continuous improvement of EHS performance through measurable objectives;

- an EHS Management System which uses internal processes to ensure compliance with applicable standards and regulations. The EHS Management System is based on ISO 45001. During the FY2020/21, more than 30% of the workforce was covered by an official certificate provided by registered third parties;
- the assessment of EHS risks and taking proactive measures for the prevention of incidents and occupational diseases as well as for continuous improvement through return of experience;
- workforce engagement (a reinforced EHS culture for both employees and contractors);
- a network of competent and shared EHS professionals acting locally and supported by region and activities expertise which ensures a high level of EHS competency and training at all levels of the organisation.
- during Projects & Services activities, Alstom Employees should not perform asbestos removal work or be potentially exposed to asbestos airborne fibres. However, Alstom can execute contracts requiring work on Asbestos Containing Material (ACM) under strict conditions. Alstom anticipates at an early stage of Tenders and then Projects any potential issues related to the presence of asbestos in the product and/or in the working environment. Alstom takes the appropriate actions to protect workers' health from risks arising from asbestos in the course of their work. Asbestos clauses are systematically integrated in offers made to the customer and in contracts, even for tenders considered as "at no asbestos risk". When asbestos risks are identified, an adequate control plan is defined and then implemented to ensure that the risk is fully controlled as per Alstom EHS rules. The Alstom DFQ (Design For Quality) process contains specific criteria to ensure that asbestos risks are properly managed all along the project execution phase. Alstom employees never work with AMC and Alstom only subcontracts to companies recognised by an authorised third party as being qualified and competent at performing one or several asbestos activities;
- during the sourcing process, Alstom ensures asbestos is prohibited in any new equipment supplied to Alstom;
- during operations, Alstom monitors potential asbestos presence on the sites it is operating, in order to launch appropriate abatement plans and limit future risks. Sites where asbestos has been identified in buildings and/or equipment have an up to date and financially assessed asbestos management plan, which is taken into account during budget and three-year plan preparation.

Process and action plans

Main Identified risks^{VP}

High-risk activities

Based on the analysis of main safety risks, Alstom has identified the high-risk activities related to the broad spectrum of work that it performs. These activities are defined in the "Alstom Zero Deviation Plan" (AZDP), whether executed directly by Alstom or indirectly by a subcontractor.

The high-risk activities are as follows:

- works for which Lockout Tagout must be performed;
- works involving a risk of interference from moving vehicles, whether on site or on rail;
- lone working;
- working at height;
- lifting operations;
- hot working;
- working in an explosive atmosphere;
- work exposed to electrical risks;
- working in a confined space;
- erection, modification and dismantling of scaffolds;
- excavation works;
- work with exposure to radiation (ionising or non-ionising);
- installing, servicing and operating machines.

Exposition to hazardous chemical substances and asbestos

Concerning hazardous chemical substances, one of the main risks for health is linked with carcinogenic, mutagenic or reproductive effects on persons who are, or have been, exposed (so called "CMR"). Asbestos has been identified as the substance which presents the highest risk of serious and irreversible consequences on the health of Alstom's employees and subcontractors.

The objective of Alstom is to protect workers against risks to their health, arising or likely to arise from exposure to asbestos at work. It has been Alstom's policy for many years to abandon definitively the use of products containing asbestos in all operating units worldwide. This principle also applies to all of Alstom' suppliers, including those in countries where the use of asbestos is permitted. Alstom addresses all activities with potential risk of asbestos such as:

- during merging and acquisition processes, Alstom assesses the Environmental, Health & Safety risks including historical soil contamination. The EHS risks assessment is based on due diligence reports, environmental assessments or any other appropriate records. Asbestos risks are assessed for all buildings and equipment, as well as potential occupational diseases;

- In April 2020, a new focus on hazardous substances has been introduced in the global referential of Health and Safety. A new directive for hazardous substances has been defined and audited within the **Alstom Zero Deviation Plan**. For example, Alstom defines a clear set of requirements such as:
- no use of prohibited substances;
 - no use of substances of concern that may generate risks for Alstom unless a dispensation is granted;
 - safety data sheet of the product according the local regulation and in the language of the country shall be provided. All the material safety data sheets must be available and regularly updated and information included in the working instructions;
 - all the hazardous substances & materials present on site must be identified and recorded;
 - a process is in place to update the list of available hazardous substances/materials.

Assessment, mitigation and prevention measures, follow-up and monitoring system^{VP}

AZDP plan – Alstom Zero Deviation Plan

The AZDP plan is applied to all Alstom employees and subcontractors. This plan includes a risk assessment and the application of mitigation and prevention measures to all high-risk activities. It is based on 12 directives which describe mandatory requirements to be applied to the whole scope of Alstom. These requirements are related to activities defined as high risk and help to mitigate and prevent serious and irreversible occurrences. In order to support the plan, Alstom has implemented a "zero deviation tolerance" policy.

Each Alstom entity regularly undertakes a self-assessment of its compliance with the directives and manages its continuous improvement plans.

A three-year centrally-managed audit program is deployed in the Group, both on large industrial sites and on smaller locations such as depots or construction sites, with the target of carrying out more than 60 audits per fiscal year.

Due to Covid-19 travel restrictions, Alstom developed virtual audits with the support of powerful technology and associated platforms. By using smartphones, tablets or computers, auditors and auditees were able to interact with each other and share real time files, video and image annotation.

59 formal audits were performed in 2020/21 fiscal year.

Safety Training

In addition to the training required by various regulations, Alstom designs and deploys safety training modules to meet its specific needs and continuously adapts its internal training offer.

A dedicated training course has been created for employees on construction sites in order for them to have a better understanding of all the risks inherent to working in such a complex railway environment. More than 81% of people have been trained so far and training will continue next year.

There are seven training programs delivered by Alstom University, two of which are e-learning programs (EHS Fundamentals and High-Risk Activities).

Notification system and Return on Experience

All Alstom managers have access to an EHS app to immediately report hazardous situations or deviations. Through geolocalisation, the system automatically pushes the report to the local EHS contact to prompt action.

An immediate (24 hour) notification process is in place when a lost time accident or a severe or potentially severe accident, occurs in the Company. Each severe or potentially severe accident is analysed to identify the root

causes of its occurrence and to take preventive and corrective measures. Lessons learned are shared within the EHS Community through return of experience sessions. 95 return of experience sessions, following severe or potentially severe accidents, were recorded during the year.

Health and occupational disease

Alstom aims to reduce the risk of occurrence of occupational diseases. On top of preventive or protective measures resulting from work place risk assessments, Alstom seeks to take full account of ergonomics in the design of workstations: each year Alstom industrial teams conduct audits in accordance with the APSYS ("Alstom Performance System") referential in production sites to measure the progress made in respect of Alstom's operational requirements. The ergonomics of workstations is one of the assessed criteria in these audits. In 2020/21 fiscal year, due to the sanitary crisis, Alstom was not able to conduct any audits. These will restart in 2021/22 as soon as the sanitary situation allows.

In addition, a global well-being at work roadmap has been defined. The aim is to reinforce well-being awareness within the Company via trainings and webinars and create an engaging environment by supporting mental health. In addition, the health and wellbeing week held in June 2020 focused on the prevention of psychosocial risks due to the Covid-19 crisis and remote work.

Expansion of EHS programme in the context of the Bombardier Transportation acquisition

The Central EHS team conducted an audit of reporting tools on Bombardier Transportation sites to ensure alignment in terms of monitoring by 2021/22. Bombardier Transportation legacy sites will be progressively integrated in the AZDP audit programme. A training programme called "buddy programme" for EHS managers has been deployed. 126 EHS managers were trained, which represents 100% of Bombardier Transportation legacy EHS managers. Alstom will continue the integration process in 2021/22 in order to keep the best of the two companies in term of EHS practices.

Main results

AZDP plan

	2018/19	2019/20	2020/21
Number of formal AZDP audits conducted during the fiscal year	64	48	59

Source: Alstom (EHS Library).

Safety training on High Risk Activities

	2018/19	2019/20	2020/21
% of Alstom employees trained using the e-learning module on High Risk Activities ^(*)	77%	77%	81.5%

Source: Alstom HRIS.

(*) Alstom deploys an e-learning programme about high risk activities targeting all employees. The table gives the percentage of employees present in the Group who have followed the training course as at the end of the calendar year.

Health and occupational diseases

	2018	2019	2020
Number of recognised occupational diseases during the calendar year for the Alstom perimeter	37	45	35

Source: Alstom Teranga.

Key Performance Indicators^{VP}

	2018/19	2019/20	2020/21
Number of fatalities at work (Alstom employees) ⁽¹⁾	2	0	0
Number of fatalities at work (contractors) ⁽¹⁾	1	0	0
Fatality Rate (Alstom employees)	/	/	0
Fatality Rate (contractors)	/	/	0
Number of travel fatalities (Alstom employees) ⁽²⁾	1	1	0
Number of occupational severe accidents ⁽³⁾	9	6	0
Total recordable injury rate (Alstom employees) – TRIR ⁽⁵⁾	/	/	2.4
Total recordable injury rate (contractors) – TRIR ⁽⁵⁾	/	/	1.8
Total recordable injury rate (employees and contractors) TRIR ⁽⁵⁾	/	/	2.2
Lost time injury frequency rate (Alstom employees) – IFR1 ⁽⁴⁾	1.4	1.2	0.9
Lost time injury frequency rate (contractors) – IFR1 ⁽⁴⁾	0.6	0.6	1.1
Lost time injury frequency rate (employees and contractors) – IFR1 ⁽⁴⁾	1.1	1.0	0.9

Source: Alstom Teranga.

(1) Includes all accidental fatalities at the workplace and on the way between two workplaces.

(2) Includes all accidental fatalities on the way from home to work or work to home.

(3) Occupational severe accident: fatal accident and any accident resulting in permanent consequences (either in permanent disfigurement, or permanent disability such as amputation of any digit or part of a digit) whatever the length of the medical leave.

(4) IFR1: Number of work-related injuries, which prevents the injured person from carrying out work for a period of at least one full day, per million of hours worked. Accidents on the way from home to work or from work to home are excluded from the calculation of the indicator.

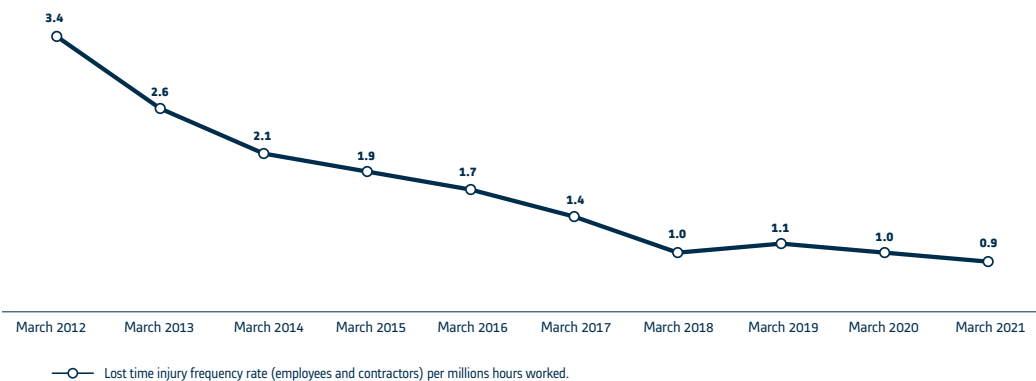
(5) TRIR: The number of occupational fatalities and injuries (with lost time and other recordable), excluding first aid, per million hours worked.

During 2020/21 fiscal year, Alstom has recorded no fatality for Employees and Contractors.

On top of the new TRIR, Alstom continues to monitor closely the frequency rate of occupational injuries with lost time (per million hours worked), divided by three since 2012. The frequency rate is improving at 0.9. Both

for TRIR and IFR, Alstom reached excellent results, outperforming targets and fully aligned with the ambition set for 2025.

Near Miss events are monitored at site-level via Alstom’s APSYS tool and appropriate actions deployed locally.



Recruitment, engagement and retention

“Recruitment, engagement and retention” relates to the section “Employee development and management” in chapter 4. The key performance indicators in the following section are based on Alstom’s legacy perimeter and do not cover the Bombardier Transportation ‘s legacy perimeter except otherwise stated.

Alstom’s Human Resources (HR) strategy aims to provide a unique Employee Experience and the Group Values (*Agile, Inclusive and Responsible*) are embedded in the Group’s Strategy. Recruiting, engaging, developing and retaining talented people are key elements to maintain the Group’s leadership in global markets and to grow its business in the future.

The value Alstom adds to its customers strongly relies on the skills and competencies of its workforce, through aligning the needs and priorities of the business with the workforce to meet the organisation's objectives, both at the Engineering and Execution phases of projects.

Developing the workforce is a strategic objective of the Company (for more information see the section on "People development", page 285). Therefore, the attraction, engagement and retention of the right people are essential to ensure the Company's success. Alstom acts to guarantee:

- an Employer of choice image, with a diverse and inclusive environment;
- an attractive workplace and working conditions;
- a competitive compensation, benefits and reward programme;
- a reasonable resignation rate to avoid a degradation of key competencies, an increase in cost of employment (including cost to hire), and ultimately a diminished ability to serve customers (quality and on-time delivery).

In the context of the Covid-19 crisis, Alstom put in place a number of programs to maintain the engagement of employees:

- access to a free employee assistance program for the employees;
- e-learning on remote work for managers and employees;
- flexibility at work;
- moving from classroom training to e-learning;
- leadership program maintained by virtual training.

Strategy and policies

In order to properly support the Company on its strategic success, the HR organisation is built around two central teams, namely Talent Management and Total Reward & HR Operations. These teams are working together with Regional HR teams.

The Talent Management team aims at enabling Alstom to attract, develop and grow diverse and inclusive leaders and a sustainable talent pool for now and the future. The team facilitates the acquisition and the management of talent pipelines, the anticipation of successions, the management of performance, the development competencies and leadership.

Total Reward & HR Operations aims to design and implement compliant, fair, motivating and efficient HR policies, processes, tools and practices, and provide powerful HR data to support the development of Alstom business and teams.

HR teams in Regions are in charge of supporting business operations by:

- ensuring workforce planning and adequate staffing, project mobilisation and demobilisation activities;
- driving the people management cycle;
- ensuring people development and career management initiatives;
- supporting organisation design and change management.

Talent Acquisition & Employer Branding

With more than 40,000 employees at end of 2020/21 fiscal year⁽¹⁾ (based on Alstom's historical perimeter); effective Talent Management is at the heart of Alstom's identity. Alstom identified the need to better know and develop its people to fill vacancies internally, motivate, engage and retain talent. The global Talent Acquisition Strategy is deployed through a roadmap and supported by solid partnerships with key stakeholders such as Employer Brand, Diversity & Inclusion and Talent development. The development of internal talent pools to support ongoing and future business requirements enables Alstom to effectively execute projects.

In the global context of skills shortage and restricted talent pools, leading to stiff competition for these talents and skills, Alstom acknowledges the challenges and needs of providing the best candidate and employee experience, as well as the necessity to differentiate itself from other actors on the talent market. A global Employer Branding strategy and an associated roadmap have been successfully put in place. Focusing on attraction, engagement, and retention, key strategic initiatives include the global Top Employers Institute Certification, a robust university relations strategy, as well as a holistic approach towards the measurement of employee engagement. To reinforce Alstom's employer brand, the new Alstom Employer Value Proposition (EVP) has been rolled out. One of the key priorities of Alstom's Employer Branding strategy is to reinforce its presence on social media channels, with a strong focus on digital storytelling while sharing real employee stories, experiences, and career achievements, as well as showcasing Alstom's culture and values.

The People Management Cycle, through its "People review" process, as well as internal mobility management, supports Alstom in collectively managing and sharing talent across Units, Businesses and Functions to have the right person in the right place at the right time. The People Review has evolved during 2020 to include the Company Values, *Agile, Inclusive and Responsible* against which all employees can now also be assessed.

In this perspective, the mission of Alstom Talent Acquisition and Employer Branding teams is to enable business success using efficient processes, effective tools, robust governance and a solid Employer Value Proposition.

Alstom intends to:

- reinforce Alstom's employer value proposition and employer brand;
- develop and foster strategic collaborations with universities through innovation and education programs;
- find and cultivate the right talent through strong internal and external talent pipeline strategies;
- secure global Top Employer certification to accelerate Alstom's Human Resources strategy by benchmarking it with proven HR best practices around the world and to strengthen Alstom's employer brand globally.

Diversity and inclusion

Inclusion is one of the Alstom Company Values and on July 2020, the new Alstom Leadership Model was introduced, with a definition of the competencies required to be an Inclusive Leader.

(1) On the new consolidated perimeter integrating Bombardier Transportation the Company counts more than 71,500 employees.

Alstom aims to create a culture in which diversity is recognised and valued. Common objectives and Key Performance Indicators have been set for the whole Group around gender and multicultural diversity. By 2025, Alstom is now targeting to reach 28% of women amongst managers & professionals and to ensure that the nationality of management and the talent pool reflect Alstom's business worldwide.

Alstom's Diversity Charter is available on the Company's website: <https://www.alstom.com/commitments/diversity-and-inclusion>.

Compensation and benefits

Alstom has designed global Compensation and Benefits policies to ensure that a consistent approach is used across the whole Company.

Therefore, the remuneration structure and the related reward programs should encourage and reward individual performance and commitment to Alstom on a fair and equitable manner across regions, trades and levels of responsibilities. In this sense, they should be designed to meet business needs taking into consideration market prevalence while complying with local regulations. Their design should embed the following principles:

- respect fairness of treatment;
- ensure a competitive level of compensation;
- keep a long-term view;
- share the success of the Company;
- allow individual differentiation;
- base reward decisions on a structured position grading approach;
- acknowledge Alstom's commitment towards Corporate Social Responsibility.

Regarding benefits, Alstom policies state that Benefits programs should be competitive in each specific market enabling the Company to attract and retain key required talented employees. Benefits should be designed taking into account the total compensation package. The Company acknowledges that the lifestyle of employees is continuously evolving and strongly encourages countries to implement adaptable and flexible programs after consideration of any increased administrative costs or risk of significant evolution of costs over the long-term. Therefore, the Company pushes for limited Defined Benefits obligation and strictly controls any evolution of an existing Defined Benefit plan.

Engagement

Engagement is one of the pillars of the Alstom Human Resources strategy. In order to foster the employees' involvement, Alstom's previous practice involved conducting global engagement surveys every two years aiming to measure employee opinion and assess employee engagement in respect of the Company's vision, roadmap and strategy, to subsequently implement appropriate actions.

In line with its new strategy of moving to a more continuous listening mode, Alstom has relaunched its global engagement survey which will now be held on an annual basis. In October 2020 the Alstom Opinion Survey covered all Alstom permanent employees, and was marked by a very high participation rate, with a record 68% response rate or more than 24,300 employees from around the world sharing their views. The results were extremely positive as most areas demonstrated significant progress compared to the 2016 edition. Notably, they have greatly improved regarding pride for the Company, reaching 95%, and recommending Alstom as a good place to work (90%). A slight improvement in work-life balance and career development opportunities was also noted.

Process and action plans

Talent Acquisition & Employer Branding

Global Talent Acquisition Procedure

The Alstom Talent Acquisition Procedure was updated in 2020 to improve candidate experience and selection of the right talent from the pre-boarding selection, to the recruitment and interview process, to onboarding, to becoming a member of the Alstom team. It is based on the principle that all recruitment and selection processes must reflect Alstom's commitment to offering equal employment opportunities to all qualified applications based solely on job-relevant qualifications. The Alstom recruitment and selection process shall comply with all laws and regulations forbidding any discrimination with respect to age, race, gender, ethnic origin, nationality, religion, health, disability, marital status, sexual orientation, political or philosophical opinions, trade union membership or other legal provisions.

Alstom's talent attraction strategy has constantly evolved to adapt to business needs. With the increasing impact and influence of social media, a number of social media trainings and a social media guidelines handbook are made available and accessible to all Alstom employees worldwide, with the objective to leverage their professional networks and share positions in order to increase the talent pipeline and to boost the Employer Brand. To showcase its employer value proposition, Alstom continues its focus on real employee stories, reflecting its culture and values, through employee testimonials across various communication channels. Alstom deployed a new and improved employee referral incentive program in 2020 to attract talent referrals coming via its employees. This continues to be a valuable and rich sourcing channel to identify and fill positions, whilst reinforcing Alstom's Employer Brand.

In addition, Alstom has updated its external career web pages to create a more attractive channel for both experienced and early career candidates. Alstom has improved its social media messages for talent attraction, highlighting corporate social responsibility initiatives. At the same time, the Company has invested in the improvement of the candidate relationship management system, including the ability to integrate job advertisements on various channels both globally and in local-specific markets, and video interviewing tools. Alstom has increased its followership on LinkedIn to 790,000 followers, and achieved substantial followership on Facebook, Twitter and other social media channels.

Developing active relationships with universities and a young talent value proposition

Alstom's strategy aims for a more diverse workforce, representative of its organisation, values, territorial demographics, societal views and customer base. As the diverse workforce must also include young talents, this is being accomplished globally through several initiatives, such as:

- In India, the Young Engineering Graduate (YEG) Program was implemented in 2015 to hire graduate engineering trainees from engineering colleges across the country. YEGs benefit from a detailed introduction to the Organisation, its activities and functions to help them better understand the Company and successfully transition from campus to business life. In addition, YEGs have the opportunity to interact with the senior management of the Company, to learn and be inspired by them. The program ends with the participation of YEGs in an innovation workshop and a presentation to the senior leadership team on the last day. In 2020, in India, 200 Engineering graduates joined the program and it is planned to have 171 engineering graduates (out of which 59% women) joining the program in 2021.

- In France, Alstom also continues to focus on early career talent through the engagement of apprentices and trainees. 21 Engineering schools have been identified and close relationships have been developed: participation in R&D programs, targeted presentations to the students, priority access to trainee positions at Alstom. A close collaboration this year with ESTACA (*École supérieure des techniques aéronautiques et de construction automobile*), ECE (*École centrale d'électronique*) and ESIGELEEC (*École supérieure d'ingénieurs en génie électrique*) has allowed 20 students to work on four technical projects supervised by Alstom employees on transport innovations. New railway programs delivered by Alstom experts offer a large range of courses to students in targeted Engineering Schools in France. This year, Alstom also took part in 15 Job Fairs, in several HR coaching sessions and Trades Industry Conferences for students. A "2020 Rail Innovation Challenge" has been launched by several transport companies including Alstom in partnership with Fer de France. This initiative aimed to develop the attractiveness of the railway world to students. In total, the challenge attracted 726 students and 273 projects were submitted.
- In Italy, Alstom launched a graduate program that involves 24 months of job rotations in three different jobs, different businesses, different functions, different sites, in order to give a broader understanding of the Company. Despite the difficult situation due to the Covid-19, the Graduates were able to complete their first eight-month assignment as planned and are now finalising their second assignment. During their first year they also started a dedicated Mentoring Program, paired with Alstom Managers. In addition, several partnerships with Universities for development, deployment, teaching and internships have been initiated and are ongoing: Master Train4Me (*Politecnico di Torino*); Advanced Professional School in *ingegneria dei sistemi per la mobilità integrata* (*Università di Bologna, Engineering Faculty*); Master in *ingegneria delle infrastrutture e dei sistemi ferroviari* (*Università La Sapienza Roma – Engineering Faculty*); "Mobility Infrastructure and Services" degree course with *Politecnico di Milano*. Partnerships with local vocational schools were launched in Bari, Maddaloni, Sesto San Giovanni and ELIS/Roma for the railway post diploma master. Alstom has also recently signed an agreement with the University in Castellanza (LIUC) for internships to be dedicated to students with a disability on such topics as Business Intelligence, Repairs Components Traceability. Various initiatives dedicated to raising awareness of youth, and particularly young girls, to STEM disciplines and to erode gender stereotypes were also launched: "Inspiring Girls" and "Sistema Scuola Impresa" (Alstom women STEM role models speaking at intermediate and high schools); webinars dedicated to parents together with children by ValoreD; #PlayWorking: play with MultiMe by Lifeed, a digital tool for discovering the roles of parents; Alstom digital Tech Camps organised during Summer 2020 for Employees' children; Inspiring your Kids: a meeting dedicated to Alstom employees' children with a testimony by a STEM role model from a different company (Fastweb). Vocational trainings are also delivered to members of the local community funded by public funds; these people receive job offers after obtaining their specialisation in aluminium welding and painting. In addition, new graduates have been selected throughout Italy for testing technician positions and, before being hired by Alstom, have received specialised technician training.

- In North America, all businesses have incorporated the LEAD (Leadership Excellence and Development) program, and the Finance Graduate Program for new university graduates. There are 14 LEAD positions and two Finance Graduate positions in the USA and Canada. Additionally, Talent Management has been reaching out to universities to provide information sessions about Alstom and the rail industry to influence curriculum, as well as interviewing skills and resume writing workshops. Lastly, the region has also incorporated virtual recruitment and online interviews targeted at young talents and universities, in order to reach a broader candidate pool.

Integrating new employees

Welcoming and the integration of, new employees within Alstom is a key priority for the Group's talent strategy. Its goal is to create a climate of trust that encourages new employees to develop a sense of belonging to the Company's organisation and culture, and to provide them with the tools and training they need to succeed in their new roles. Onboarding and induction processes are in place across all Alstom sites, and include a globally consistent framework that can then be added on locally based on business needs and site-specific elements. There is a solid Buddy Program in place for all new employees as well as the introduction of new Function specific programs. These ensure that new joiners to the business immediately have a sense of belonging. The global framework includes orientation (facilities, tools, team, business strategy and goals), Health and Safety, Ethics and Compliance, details of Alstom's organisation, solutions, culture and values, a clear outline of the job requirements and performance expectations, and awareness of critical site, or regulatory policies and requirements. During 2020/21 more than 5,877 onboarding and induction processes took place.

Global training requirements for new professionals include amongst others' Ethics and Compliance with the Alstom Alert Procedure, Conflicts of Interest, High Risk Activities, Railway Safety and AIR Values (*Agile, Inclusive, Responsible*).

In view of the integration of Bombardier Transport, Alstom has prepared several projects:

- one web career page;
- one employer branding to be deployed in May 2021;
- enhanced onboarding program for both Bombardier Transportation employees as well as for new employees.

Internal mobility

At Alstom, employees are encouraged to take ownership of their development and to manage their career in collaboration with their managers and Human Resources. Employees are treated equally on the basis of their skills, especially with regard to employment, recruitment, talent identification, mobility, training, remuneration, health and safety, through the implementation of consistent processes and common policies across Alstom. Alstom updated and reintroduced its Internal Mobility Charter in 2020, this reinforces its commitment to encourage internal mobility and development.

To enhance internal mobility and stimulate employee applications, Alstom provides a platform where employees can view vacant internal positions and apply for them. In addition, Alstom has a periodical Global Talent Forum as well as other various local and central forums through its talent network, to match available competencies with business needs and to facilitate cross-functional and cross-regional moves.

Being in an environment where international careers are sought and encouraged, and given the international nature of the Group, international mobility plays an important part in meeting Alstom's business and customer needs. Indeed, despite the Covid-19 pandemic context, Alstom had over 650 employees on international assignments on 31 March 2021, over 100 employees had moved to international locations permanently and around 100 early career assignments were offered. Also, thanks to this long and successful experience in internal mobility, Alstom is able to maintain key competencies fostering, at the same time, a truly international and diverse company culture. Alstom also encourages cross-function mobility with 3.8% of its employees having undertaken a role outside of their functional domain (around 1,540 employees). Over 85% of Senior Management positions in Alstom are filled internally.

Diversity and inclusion

Equal opportunity

Country-specific diversity action plans are being implemented, integrating nationality or gender and others such as: age/generations, educational background, social status and ability/disability.

The global initiatives to promote a more diverse and inclusive workplace in 2020/21 have been:

- the We Are All Differently Abled Week (WADA Week,) that aims to raise awareness around the topic of disability, set up a challenge between the countries to identify and to reward the three best practices to promote the most differently abled workplace;
- All Abilities Toolkit published on 3 December 2020: International Day of People with disabilities. The purpose of this toolkit is to help build a common understanding about disabilities, to break down myths or misconceptions and to highlight challenges associated with disabilities, to help create a globally inclusive and accessible environment for all stakeholders;
- workshops on unconscious bias for the Regions Management Committees and Countries Management Committees;
- setting up of a Diversity & Inclusion e-learning path "The D&I Playlist", accessible to all Alstom employees on the Alstom University Platform. The D&I Playlist is an awareness-raising series consisting of different kinds of learning resources that could trigger dialogue around inclusion & diversity topics. Every employee at the completion of the learning path can get a certificate of accomplishment as Inclusive Leader.
- renewal of the membership to Catalyst, an international non-profit organisation supporting companies on achieving gender balance and building a more inclusive workplace;
- implementation of a global approach to flexibility at work, through the definition of global guidelines on how to promote flexibility at work in the countries and through a training tool to support managers and employees to successfully perform in a remote work environment.

Supporting initiatives dedicated to the promotion of women

Worldwide, Alstom has put in place a mentoring program called "WILL" (Women In Leadership Levels). The Executive Committee members become, for six months, mentors of a selected number of women with the potential to grow in senior leadership roles in the future.

Mentoring is a development initiative widely implemented to support Alstom's women in their career advancement (in some countries cross company mentoring is organised as well to offer a broader knowledge of leadership styles).

At country or regional level the support to women also comes through the existence of Alstom Women Networks. Many Regions and Countries have been inspired by the employee resources group created in North America, Alstom Women of Excellence "AWE", and have set up local networks such as AWE India, AWE Germany, Together in Motion in Saint-Ouen, France, Valore D Community in Italy, "Women in Rail" in the UK. Belonging to these networks provides training opportunities around women leadership, work effectiveness, personal branding.

Some women working for Alstom are involved in initiatives concerning STEM (Science, Technology, Engineering, Mathematics) studies for girls. Many countries organise visits in schools (in Italy and in the UK initiatives called "Inspiring Girls") or visits for girl students in Alstom factories and participate in external dedicated events (for example, with the association *Elles Bougent*) or welcome young girl students for a training period (as in Australia the "Lucy Mentoring Program").

Some countries such as France and the UK have implemented leadership development programs addressed to women while for the global leadership program, the selection of the participants requires that 30% of the seats are allocated to women.

In France, where gender equality has been a focus for the Group, Alstom has reached 86 points (out of 100) in 2020 on the gender equality index.

Promoting cultural diversity

Alstom is fully aware of the strength resulting from the large number of nationalities, cultures and approaches that its employees represent. Specific action plans have been developed at local level to take advantage of this asset.

The Alstom In Motion strategy wants to promote a more international Headquarter to represent the multicultural footprint of the Company. The target set for 2025 in terms of cultural diversity is to reach 30% of middle and senior management from countries outside of the location of Headquarters. On 31 December 2020, the percentage of employees with a different country of birth compared to the Alstom Headquarter location was around 27%.

Employment and inclusion of disabled people

It has been a continuous guideline within Alstom to develop and support the integration and employment of disabled people. This enables those employees to work in a challenging environment while following the Alstom Code of Ethics – which strictly prohibits any discrimination based on health or disability – and the local regulations.

Regarding disability, Alstom focuses on five complementary areas: job access, maintaining employment, raising awareness, accessibility to premises and information, and partnership with the sheltered work sector. Each entity is encouraged to integrate them into its process. Each year, Alstom organises internal training sessions to help Human Resources team members better understand the various situations relating to disability and to help prepare job interviews and the integration of people with disabilities.

Regulations regarding the employment of disabled people are very different from one country to another. Action plans to promote the integration of people with disabilities in the Company are therefore conducted at local level.

Last year, for the third time the Disability Employment topic took a global dimension at Alstom. With the organisation of the “We Are All Differently Abled Week” (WADA), sites were encouraged to promote the professional integration of people with disabilities and report their good practices. Four of them received an award from the Diversity & Inclusion (D&I) Steering Committee:

- France: Integration of unemployed people with disabilities into the production workshop for Paris Express Project;
- Germany: Technical social services. Creation of a Department exclusively dedicated to employees with a degree of disability;
- Australia: Alstom Hope –Mental Health;
- Belgium: Cooperation with ENTRAGROUP sheltered work sector for Tramways renovation.

In France, the company has directly employed more than 6% of people with disabilities for several years (6.22% in 2018, 6.19% in 2019 and 6.23 in 2020)⁽¹⁾.

Compensation and benefits

Remuneration schemes

Remuneration evolution

Due to Alstom’s presence in numerous countries, the influence of local inflation or other economic factors, no comprehensive indicator can be developed. Alstom’s policy is to review the employees’ base salaries every year, with a specific attention given to gender equity, and to have open negotiations with employee representatives where they exist. In each country in which Alstom operates, remuneration surveys are conducted through dedicated external providers in order to ensure that remuneration evolves according to local market practices.

In order to face the global crisis triggered by the Covid-19 pandemic, however, Alstom has enforced salary moderation measures across its organisation in 2020, limiting reviews of compensation packages to specific promotion situations, in countries and units facing high attrition risks and/or high inflation rates, and implementation of regulated or pre-negotiated measures. This effort has been shared by the Executive Committee of the Group and its Chairman & CEO, whose fixed remunerations have been decreased during the first quarter of the 2020/21 fiscal year. This salary moderation measure should not be reconducted in 2021/22.

In 2021/22, the Company will carry out a comprehensive analysis of its compensation practices in order to identify the potential pay gaps that may exist between its female and male employees, using its internal grading system in support. Depending on the outcome of this analysis, subsequent appropriate corrective actions will be undertaken, and the Alstom reward policy may be reviewed.

Experts and Inventors’ remuneration

The Company uses a worldwide Inventors’ Remuneration policy which was renewed in 2018 based on a structured recognitions process, under the leadership of a dedicated Intellectual Property Committee. It aims at encouraging employees, especially from Engineering Departments, to propose innovation for patents and recognise each step of the patenting process.

Regarding Experts, recognised in Engineering and Manufacturing by a solid governance process, a specific monitoring of their remuneration is put in place, both on base pay and long-term incentive.

Performance linked to remuneration schemes

Short-term incentive scheme

Alstom’s annual short-term incentive scheme is based on two performance factors: collective performance (60% of the incentive target) and individual performance (40% of the incentive target). The target incentive is the incentive payment that is received when 100% of the financial goals and individual objectives are met. If the financial results and/or the employee performance exceed the goals, the incentive paid out may exceed the target incentive.

Eligibility and incentive target rates are linked to the job grading and influenced by local market practice in each country. More than 12,395 employees were eligible for this remuneration scheme on 31 December 2020.

Several indicators based on Corporate Social Responsibility are used in this Short-Term Incentive program based on the Group performance in line with the Alstom strategy:

- Safety at work – the Total Recordable Injury Rate is considered as one of the top collective performance indicators of the Company and is part of the collective targets of the Short-Term Incentive;
- Ethics & Compliance – in 2020/21, a collective objective was based on the attendance of Managers and Professionals to the newly designed Code of Ethics learning module;
- Dow Jones Sustainability Index – in 2020/21, the objective relating to the Alstom score in the DJSI World Index has been renewed and confirmed with more ambitious targets than in the previous exercise.

Profit-sharing

Alstom’s policy aims to recognise collective performance. Profit-sharing schemes are in place in various countries (such as France, Brazil, Egypt, Germany, Mexico, Chile, South Africa and Italy) covering more than 15,500 members of the Group headcount.

The profit-sharing schemes are often calculated on agreed criteria, including the injury frequency rate reduction or other safety-related indicators. These schemes may also include business-related indicators such as the reduction of waste or quality-related points.

(1) See DOETH – French mandatory declaration of disabled workers. Figures for 2018 and 2019 have been revised following a change in methodology.

Employee shareholding & long-term incentive scheme

The Extraordinary General Meeting held on 10 July 2019 renewed the principle of an allocation dedicated to employees of up to 5,000,000 shares (existing or newly issued shares) over a period of 24 months, including up to 2,000,000 shares to be dedicated to democratic free share distribution plans.

Subsequent to this authorisation, the Board of Directors approves every year new performance share plans. Accordingly, between 2017 and 2020, 1,022,400; 1,016,025; 1,080,150 and 1,145,625 performance shares have been granted to around 800 employees around the world, with a vesting period of three years and based on internal and external performance conditions, thereby allowing the alignment of shareholders’ and employee’s interests.

As a consequence of the acquisition of Bombardier Transportation, and its impacts on the timeline of definition of the three-year targets of Alstom (supporting the performance conditions of the long-term incentive schemes), the 2021 performance share plan has not been granted during the 2020/21 fiscal year but by the Board of Directors of July 2021. 1,867,325 performance shares have been granted to 1,375 beneficiaries.

On 31 March 2021, current and former employees held 1.37% of the Alstom share capital, either directly or through the Alstom employee shareholding scheme (FCPE).

For additional information on Employee Shareholding & long-term incentive schemes see chapter 5 on Corporate Governance.

Health and life insurance

According to the Global Benefit and Corporate Social Responsibility policies and guidelines of the Company, a minimum level of benefits shall be provided to all employees in terms of:

- life insurance coverage, particularly for accidents at work;
- health coverage.

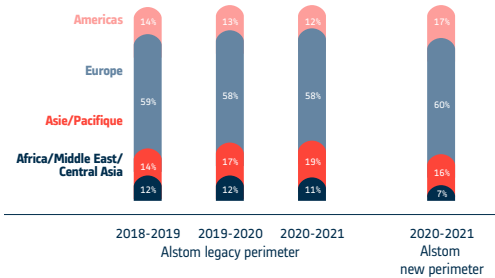
In particular, the aim is that all employees should be covered by a life insurance in case of accidental death amounting to at least one year of salary.

In some countries, such as Poland, where headcount has increased significantly over recent years, employer contributions to insurance policies are considered as a taxable benefit, leading some employees to decline this offer.

Alstom’s Global Benefit policy states that, in countries where the statutory health coverage does not provide adequate benefits or where there are long waiting-lists for treatment, a supplementary healthcare plan can be implemented, or at least a Group plan is negotiated with a local provider as an option for employees to join on a voluntary basis. Preventive care should be encouraged. In countries where inadequate statutory health benefits are provided, then all employees must be covered by a supplementary scheme.

Main results

Total headcount: Workforce breakdown by region (employees)



Source: Alstom HRIS.

Retention Indicators

Resignation rate

The resignation rate, which also reflects the general employment situation in each geographical area where the Company operates, is one of the criteria used to determine the level of satisfaction of the Group’s employees. The rates are closely monitored at both global and regional levels.

The Group put in place action plans to retain at risk employees. Retention schemes are selectively put in place in volatile countries or in specific projects to ensure the retention of key and critical staff.

Resignation rate for employees on permanent contracts in each Region

Region	2018/19	2019/20	2020/21
Europe	3.2%	2.8%	1.9%
Africa/Middle East/Central Asia	5.0%	8.9%	8.7%
Asia-Pacific	9.1%	8.0%	7.3%
Americas	5.6%	5.8%	5.1%
ALSTOM	4.5%	4.7%	4.0%

Source: Alstom HRIS. (based on Alstom’s legacy perimeter)

Absenteeism

The absenteeism indicator allows the monitoring of Alstom’s ability to provide an appropriate working environment for its employees, as part of its well-being policy.

This is the third year that the absenteeism rate has been gathered at Group level. The data shows that “Medical or sick absence due to personal injury and disease” accounts for 85% of the total number of absence hours. This indicator is monitored and analysed at local level, and local initiatives around well-being are implemented to reduce the absenteeism rate.

Absenteeism rate

Region	2018	2019	2020
Europe	3.5%	3.4%	3.8%
Africa/Middle East/Central Asia	1.9% ^(*)	2.5%	2.8%
Asia-Pacific	2.3%	2.0%	1.8%
Americas	1.8%	1.9%	2.4%
ALSTOM	2.8%	2.8%	3.1%

Source: 2020 Social survey conducted in 28 countries representing 97.1% of Alstom’s total headcount.
2019 and 2018 surveys conducted in 28 countries representing respectively 97.1% and 96.3% of Alstom’s total headcount.
(*) Excluding South Africa Gibela.

Diversity indicators

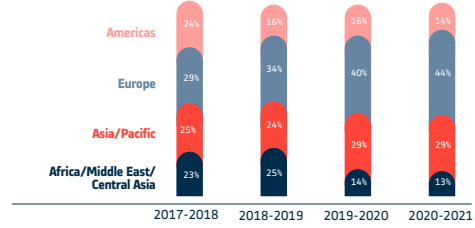
Indicators related to women by category

	2018/19	2019/20	2020/21 Alstom legacy perimeter
Percentage of women in the workforce	18.1%	18.8%	19.2%
Percentage of women: managers & professionals	20.7%	21.4%	22.3%
Percentage of women: executives & senior managers	16.4%	16.1%	16.5%
Percentage of women trained in training sessions	17.5%	19.3%	20.6%

Sources: Alstom HRIS. As of 31 March 2021. 2020 Social survey conducted in 28 countries representing 97.1% of Alstom’s total headcount. 2019 and 2018 surveys conducted in 28 countries representing respectively 97.1% and 96.3% of Alstom’s total headcount. On Alstom new perimeter, women represented 23.1% of managers & professionals as of 31 March 2021.

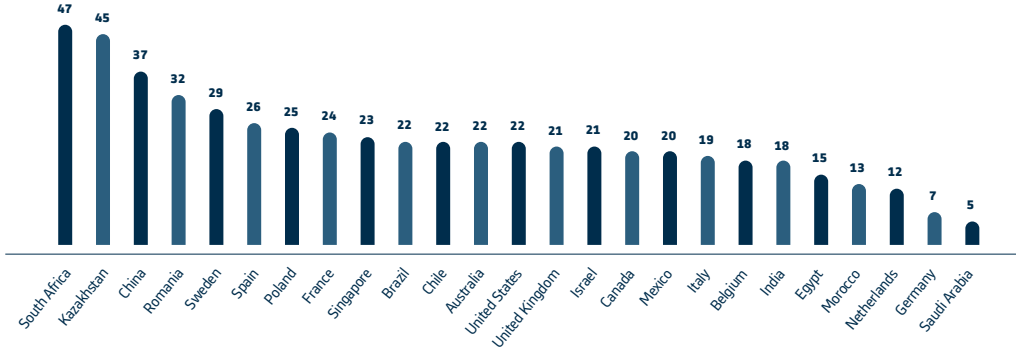
Talent acquisition indicators

Recruitment by region in 2020/21 (permanent contracts)



Source: Alstom HRIS.

Percentage of women managers, engineers and professionals, in permanent positions per country (as of 31 March 2021)



Source: Alstom HRIS.

Percentage of employees with disabilities

The global rate is stable in Alstom. A slight decrease in European countries with the most headcount (France and Italy) has been noted and is not completely offset by the increases in other European countries such as Germany or the United Kingdom. The classification in Italy was also more restrictive this year, which partly explains the slightly lower figure.

Percentage of employees with disabilities	2018	2019	2020
Alstom	2.7%	2.5%	2.5%
Europe only	4.3%	4.1%	4.0%

Source: 2020 Social survey conducted in 28 countries representing 97.1% of Alstom's total headcount. 2019 and 2018 surveys conducted in 28 countries representing respectively 97.1% and 96.3% of Alstom's total headcount.

Compensation and benefits indicator

Health and life insurance coverage indicators

	2018	2019	2020
Ratio of employees covered by a life insurance in case of accidental death or total and permanent disability during calendar year	96.9%	97.3%	97.6%
Ratio of employees covered by a life insurance giving one-year salary in case of accidental death or total and permanent disability during calendar year	90.4%	88.7%	89.9%

Source: 2020 Social survey conducted in 28 countries representing 97.1% of Alstom's total headcount. 2019 and 2018 surveys conducted in 28 countries representing respectively 97.1% and 96.3% of Alstom's total headcount.

Key performance indicator

	Top Employer 2019	Top Employer 2020	Top Employer 2021	Objective 2025
Top Employer Certification	1 country (Spain)	6 countries (France, Spain, Poland, the United Kingdom, Belgium and Italy)	14 countries (France, Spain, Poland, the United Kingdom, Belgium, Italy, USA, Canada, Mexico, India, Australia, China, Hong Kong, Singapore)	Global Top Employer certification

People development

The Alstom Human Resources Strategy aims at providing “a unique Employee Experience to further Engage our People towards Alstom success”. This unique employee experience includes not just attracting, rewarding and retaining employees but also leveraging the management ability to develop all talents, so as to have the right people at the right time. The Alstom Human Resources function works closely with leaders to facilitate the development of the competencies needed to perform our activities in order to ensure:

- on time delivery and quality of projects – proper competency management allows Alstom to have the relevant managerial/ leadership and technical competencies, which are necessary in order to deliver projects to its customers on time and of high-quality;
- employee retention – a lack of career development could lead to an increase in attrition rate (see the section on Recruitment, Engagement and Retention, page 276). This could result in a lack of skilled people or lack of manpower therefore having consequences on the timely progress and quality of projects Alstom executes;
- learning culture – maintaining a culture where keeping oneself updated with business needed skills is critical in the changing context of worldwide markets. In order to maintain strong business competitiveness and address technological developments it is important to have a solid learning culture which is a priority for Alstom;
- in order to continue leadership development and technical capability improvement during the Covid-19 pandemic, the emphasis has been strongly put on the digitalisation of Learning by shifting a number of “classroom” training to virtual training, avoiding business impact.

Strategy and policies

Effective Talent Management is at the heart of Alstom’s identity. Developing talented people is one of the keys to maintain the Group’s leadership in our global markets and to grow its business in the future. Alstom seeks more and more local talented resources in new markets (Asia Pacific, North America) while relying on strong skilled resources in more mature countries (Europe) and retaining skills (Africa/Middle East/Central Asia & Latin America). Competency development therefore has been identified as a key risk for the business to mitigate.

The internal human resources strategy is deployed within the Group by the team in charge of Talent Management. Its goal is to enable Alstom to attract and develop leaders in its areas of activity as well as to develop a sustainable talent pool for the present and the future. Moreover, the Talent Management team facilitates the recruitment and management of talent pipelines (including their skills and performance) through continuous learning embedded in the People Management Cycle process (see the section on Recruitment, Engagement and Retention, page 276). Its main tools for efficient talent management are the following:

- Performance and Talent Management – the People Management Cycle in Alstom aims at aligning individual contribution to the organisation’s goals by setting reliable objectives and reviewing on a continuous basis their achievement progress. As part of the assessment, competencies assessments are also being implemented to better guide the development plans;

- Learning solutions and learning culture – for Alstom, learning is a key priority in order to develop its employees and maintain their competencies at a high level. The main goal is to ensure the sustainable success of the Company and to better address competition. Training is also a key lever for employee development, representing an enormous source of motivation;
- Global HR Business Partnership – the new HR operating model which defines the Global Business Partnership of functions, Operations Excellence and Platforms, mirroring the Alstom Operating Model (AOM), adds to the global facilitation of skills development for each Function/Business;
- Learning Academies – Alstom has also initiated the creation of learning academies within each business/function (Project Management, Industrial, Finance, Quality, etc.) to add critical focus on the development of skills and competencies of employees. These academies work in close cooperation with Alstom University so as to develop business-critical Technical/Functional/Techno commercial curriculum so that employees in the respective businesses can access these training curriculums as per their individual development plans.

Processes and action plans

Performance and talent management

Career path management relies on the combination of three processes articulated in the People Management Cycle, launched each year:

- Objective setting and annual performance evaluation – all employees participate in an annual objective setting meeting and performance evaluation with their managers. The aim is to discuss and agree on specific individual objectives at the beginning of each fiscal year. At the end of the fiscal year, during the annual performance evaluation, the manager and the employee review the achievement of these objectives. All managers, engineers and professionals participate in the objective setting and performance evaluation process. At the end of May 2020, 95% of managers, engineers and professionals had had a performance interview;
- People Review and Succession Planning – this is a key management engagement event, conducted on a yearly basis by both HR and managers with the objective of putting the right person in the right place at the right time. It aims to build a collective and shared vision on the potential of employees and their evolution within the Organisation as well as to prepare the next steps of their careers taking into account their career aspirations and the needs of the Company. This staff review allows management to handle employees on the basis of performance, potential for change and the wishes expressed by employees as well as to develop succession plans for key positions. Decisions taken during the People Reviews are communicated by the manager to his/her direct reports during an individual meeting, called the People Review Feedback, which is part of the People Management Cycle. People reviews are carried out at site, Region, function and Group level as a whole and cover systematically about 18,500 people;

- Assessment and evaluation of competencies – each year, during the competency assessment exercise, the employee carries out a self-assessment; the manager evaluates the employee and then; during the meeting held together, they discuss the assessments and decide, if needed, on development actions (training or other). In each function a business leader defines the competency matrix frame with the support of Central HR. This matrix is reviewed on a yearly basis to be in line with business needs and to take into consideration feedback from the previous campaign assessment. These assessments allow for a better allocation of resources, a better identification of training needs and the implementation of more relevant individual development programs. This also provides key inputs for collective development and new programs.

The new Values “Agile, Inclusive and “Responsible” are now embedded in the People Management Cycle ensuring that the behavioural competencies are aligned with our Company core values. An e-learning is also available to all employees to boost the development of these soft skills.

Alstom encourages managers and employees to follow the new People Management Cycle e-learning, which enables managers to master basic people management skills, including how to effectively evaluate their performance, setting “SMART” objectives, structuring development plans, or providing feedback.

Learning Solutions

Alstom University

Learning is the cornerstone of Alstom’s people development strategy. The corporate University – Alstom University – proposes relevant and customised programmes. Carefully chosen expert partners – universities, external consultants, companies specialised in training design and delivery, as well as internal specialists – collaborate on these programmes. In addition, a wide range of training methods is used (including classroom-based learning, workshops, virtual classrooms, e-learning, blended learning, virtual reality modules). Today, the existing global catalogue proposes more than 400 different courses (face to face and virtual classrooms) and online content comprised of more than 2,000 in-house and more than 8,000 off-the-shelf learning elements (e-learning, tutorials, testimonials, MOOCs) in many languages in

order to support self-development. All of the core business topics are addressed: Security, Environment, Health and Safety, Cybersecurity, Manufacturing, Engineering, Railway Security, Innovation, Industrial, Project Management, Signalling, Supply Chain, Procurement, Finance, Legal, HR, Communication, Leadership and Management, Ethics & Compliance, Sustainability and CSR.

The main missions of the Alstom University team include:

- to define and share annual learning orientations in line with business strategy;
- to design, build and manage a central and global learning offer and deploy it worldwide;
- to benchmark and detect innovative training methods and tools;
- to animate and facilitate the sharing of best practices and networking within the Learning community;
- to identify, train and reward internal trainers across the organisation.

The core component of the Digital Learning ecosystem is the i-Learn portal: a web platform available from any device (computer, tablet, smartphone) that offers highly interactive digital learning, within and outside of Alstom’s universe. People can explore a broad range of topics, find relevant content and learn at their own pace. They are also able to create and share content in their area of expertise in a variety of formats. This award-winning corporate university has been granted with the 2020 Brandon Hall silver award for the Best use of Virtual Technologies as well as silver award for the Best Learning Programme supporting a change transformation Business Strategy for the “Challenge Accepted Programme”. It provides a learning offering that enables Alstom’s people development and thus reduces risks related to the need for re-skilling and upskilling at scale.

The global learning orientations established for the 2020/21 fiscal year and shared with all the regions focused on:

- fostering the adoption of Digitalisation for a better employee performance;
- making learning easy for all;
- organizing up-skilling, re-skilling and developing employability.

The percentage of employees trained is 92.3% and the average number of training hours per employee is 16.6 hours on average.

The decrease in average hours per employee was due to the Covid-19 pandemic. In order to cope with distancing rules and lockdown sequences, Alstom had to convert all trainings into shorter duration remote courses, digital learning and virtual reality applications. During the 2020/21 fiscal year, Alstom University focused on:

- the transitioning of all training programmes to digital and remote in order to ensure continuity of training activities and business growth (main development regions – Asia-Pacific, Europe and North America). Alstom University has enabled the Academies and Trainers (through training and by providing leading-edge digital learning tools) to create interactive Virtual Classes and engaging e-learning modules by themselves preserving very high-quality standards (Overall learning solutions Net Promoter Score: 44);
- the deployment and completion of a large training program regarding the new Alstom Strategy and the new AIR Values called the “Challenge Accepted Programme”. It has generated more than 80,000 hours of learning by leveraging the Digital Learning Ecosystem put in place. It combined a challenge by countries and donations to NGOs based on the learning of employees: the more they learn the better off their country is and the more they can donate to charitable causes;
- the implementation of an employee integration program called “Discovery Challenge” fostering the induction of legacy Bombardier Transportation and legacy Alstom employees together in the new Alstom organisation. It combines videos of people from the Leadership Team, e-learning in regard to the new Organisational Model, Legacy Products-Processes-Tools descriptions enabling mutual discovery, and Virtual Reality visits of production site of Alstom all over the world, available to all employees.

Knowledge management and transfer

Alstom believes that there is a positive and significant relationship between motivation and performance, and that having opportunities to learn is part of this motivation. Developing all employees is part of the Company’s “People Management Cycle”, which guides managers in empowering their teams. For each employee a training plan is designed annually together with his/her manager and the Human Resources partner and put into action during the year. In addition to the training planned, Alstom employees have access to an increased learning offer thanks to free access to a range of Digital Learning content in the frame of the “I-Learn” portal. The digital portal also has the virtue of connecting experts and learners. Moreover, Alstom University supports local experts, Knowledge Centres as well as Technical Training Centres within the Company by bringing educational methods and tools to them.

Alstom University supports and animates the identification and training of internal trainers. Indeed, Alstom believes that being able to design and deliver training is a real managerial competency that needs to be valued but also that internal training helps develop and keep the expertise within the Company (being taught by colleagues facilitates knowledge transfer).

In 2020/21, more than 600 internal trainers have been running training courses of the Alstom University Catalogue and more than 85% of the training sessions have been delivered by internal trainers. In this context, an internal training policy has been implemented in response to the constant increase in training volume. This policy explains how Alstom recruits new trainers but also how they are rewarded in order to keep them engaged in this role. This network of internal trainers is animated on a regular basis by Alstom University which also manages the implementation of the Internal Trainer Policy.

Finally, Alstom focuses on mentorship based on individual development needs. This kind of engagement is implemented globally and regionally to address people development areas and to support the sharing of knowledge and learning from each other.

In order to manage the Company’s core competencies, Human Resources have developed different programmes to address the management of key competencies across functions, such as: technical experts, project managers, and employees with management and leadership roles (people management).

Technical experts’ development programmes

Alstom manages the development of technical experts through programmes adapted to their specific needs and environment. In particular, the World Class Engineering and World Class manufacturing programmes are important yearly processes meant to identify all technical experts, and to provide them with appropriate personal development opportunities ensuring that technical expertise supports the evolution of the market and Alstom’s strategy. Today, Alstom benefits from a global network of around 549 Senior Experts and 55 Master Experts. Their main missions are:

- to use their technical expertise to support the teams in charge of the operational performance of bids and projects, both through design reviews and the resolution of problems arising during commercial service;
- to develop Alstom’s knowledge in their field and to transmit their knowhow internally, thereby acting as trainers;
- to develop their influence in their area of competence and get recognition, not only within their entity or within the Company, but also outside the Company (in particular for Master Experts).

Specific skills-transfer programs are implemented for Senior & Master Experts in order to develop technical and leadership expertise in the organisation.

Project Management development programmes

Since 2016, Alstom has run a certification program for its project manager community aimed at bringing a recognised external vision to the assessment and development of the Company’s project management skills. This certification is provided by the International Project Management Association (IPMA), an independent certification body. Over 150 employees have been certified as Project Managers (PM) or Bid Managers (BM) since 2018.

Management development programmes

Management development programmes are mainly intended to develop management and leadership skills:

- At central level, Alstom developed the “Accelerated Leadership Programme” (ALP) that has been in place for several years and which has been enriched and fine-tuned each year based on return of experience. It is a Learning Journey on Personal Leadership Development organised in three modules and held in various international locations. It aims to develop mid-level managerial executives, with diverse backgrounds, with the potential to grow towards roles with more responsibility and more complexity. The career progression of the participants is centrally monitored. In 2020/21, 15 different nationalities were represented among the 24 participants and 33% were women.

- The WILL (Women in Leadership Levels) program targets women leaders to be developed into Senior Management positions with unique mentoring and sponsorship directly by the Alstom Executive Committee. The program is now running successfully and has been widely appreciated by employees and management. The benefits of this program are already visible with some women leaders from the program already nominated to Senior Management Positions.
- Another program managed at central level is "Leading with Expertise" that involves every year around 20 Senior or Master Experts. This program, organised in three modules, aims to develop the leadership skills of our experts and provide tools to better manage their knowledge transfer capabilities and to better build and develop expert networks.
- Alstom also provides 360° feedback as a development tool to help managers at different levels to improve their leadership and managerial skills in agreement with their Human resources and their manager. In January 2021, this tool has been completely reviewed with the new Alstom Leadership Framework based on the *Agile, Inclusive and Responsible Values*. In this way, Alstom can ensure consistency in terms of company culture, values and style of leadership.
- At local level, other management development programmes are organised to address local needs. Some of the programs currently running are: "M3 program" in the Africa/Middle East/Central Asia Region designed with HEC business school (Paris); and for Asia-Pacific the "FMP – Future Managers Program" designed with Nanyang business school (Singapore). Since 2019, the France Region has developed a France Leadership Program with HEC business school.

In order to engage the integration and the further development of Bombardier Transportation employees, a full program was prepared:

- full access to the Training platform with specific introduction to the various curricula, Alstom discovery;
- for people recognised as "Talent", a convergence plan has been built to integrate Talents from Bombardier Transportation in the Alstom program;
- culture roadmap to create a common culture.

Main results and performance indicators

Training indicator

	2018	2019	2020	Target
Percentage of employees who have had training	87.2%	90.2%	92.3%	N/A
Average number of training hours/employee	20.4	20.1	16.6	20
Total number of training hours	677,762	724,240	621,306	N/A

Source: 2020 Social survey conducted in 28 countries representing 97.1% of Alstom's total headcount.

2019 and 2018 surveys conducted in 28 countries representing respectively 97.1% and 96.3% of Alstom's total headcount.

Training assessment

	2018/19	2019/20	2020/21	Target
Net Promoter Score = Willingness of trainees to recommend the training they have received	42	43	44	42

Source: HRIS.

"Net Promoter score" is a ratio ranging from -100 to 100 that measures the willingness of interviewees to recommend a service to others.

It is calculated as "Number of people who say they strongly agree on recommending the content to their colleagues" divided by the "number of people who either Strongly or Mostly Disagree to recommend".

3. CREATING A POSITIVE IMPACT ON SOCIETY

As a global Group with operations in 60 countries around the globe, Alstom plays a key role in promoting local development (page 288), by working with local supply chains and contributing to the economic development of regions. Alstom's commitment to community investment also includes continuous engagement with local communities near its sites demonstrating the Group's long-term commitment to those locations (page 292).

Encouraging local development

By providing mobility solutions serving territories everywhere in the world, Alstom anchors and develops its projects in local economies worldwide. The Group's economic performance depends on its ability to respond to different types of contractual location requirements that are often very important in public procurement and to adapt to local regulations and specificities. In this sense, its contribution to local development includes a wide range of key actions, such as: employment

at the local level, or collaboration with small, medium and large local companies, innovation clusters, associations, academic institutions, especially universities, as well as more broadly the development of relations with local economic stakeholders.

Strategy and policies

On a global scale, the development of local businesses is one of the flagship strategies of Alstom's local development policy. The Group's main objectives consist in:

- supporting innovative local institutions and companies;
- participating in local supply chain growth;
- and contributing directly or indirectly to the development of the territories where it operates (see "Sustainable procurement policy", page 300).

Wherever Alstom extends its industrial footprint, new ecosystems emerge, especially thanks to its collaboration with a large number of suppliers. Indeed, in every country where it operates, Alstom ensures that a suppliers ecosystem is created and developed to support its projects while complying with contractual requirements on local implementation. For instance, the construction of Alstom's plants in India, South Africa, or Canada as well as the installation of plants close to companies benefiting from this long-term presence are the best illustrations of its capacity to build sustainable local ecosystems.

Furthermore, as part of its open innovation policy, Alstom contributes to local development by participating in technology and research programmes and promoting the most promising key technologies through cooperation within innovation clusters.

Procedures and action plans

Alstom's main contributive actions to local economic development focus on providing tailor-made solutions to diverse needs and challenges specific to each and every customer and country.

In this sense, Alstom develops its local supply chain footprint in compliance with national laws and regulations, and in line with customers' requirements. Thus, Alstom's international expert teams apply their knowledge of local ecosystems in each region of the world and are able to offer targeted solutions that respond specifically to local economic development projects.

As part of the procedure, Alstom's teams first establish contact with economic organisations, local and international companies already implemented in the project country. Second, they coordinate the implementation of complementary structures (e.g. offices, maintenance depots, industrial sites) when necessary, according to the terms of the contract provided by the customer.

In this perspective, Alstom also takes responsibility for accompanying and supporting both small and medium-sized enterprises (SMEs) or start-ups through sponsorship and, in some cases, financial support. Moreover, particular emphasis is placed on strengthening suppliers' skills and addressing the prerequisites to become an Alstom supplier, especially in terms of quality standards, working practices, ethics and compliance, or human rights.

Therefore, the Group's network of local suppliers and subcontractors based in 86 countries is one of the key pillars of its procurement policy and international development success.

Alstom focuses its growth and international expansion on further strengthening its relationship with local suppliers and subcontractors through various support programmes, as for example:

- support for local start-ups through: provision of venture capital, sponsoring hackathons;
- support of local supply chains through: development of the local supplier base to meet future needs, and training to meet Alstom's requirements (quality, standards, etc.) to reinforce suppliers' capabilities.

Main results

On the one hand, Alstom's current international presence in 60 countries demonstrates its ability to adapt its organisation in order to strengthen its international presence. This guarantees close proximity to its customers, which is key to establish privileged relationships. On the other hand, the very large geographical footprint of Alstom's suppliers and subcontractors, which are themselves established in 86 countries, is representative of the Group's impact on local economic activity on a global scale.

In this respect, Alstom's Procurement organisation demonstrates profound expertise, which enables it to meet various contractual and regulatory requirements, such as the "Buy American Act", "Make-in-India" requirements or locating subcontracting activities in Vietnam and the Philippines through a network of local suppliers.

The Group's recent actions illustrate the concrete implementation of its local development policy at the global level:

- In the United States, Alstom is building the next generation of high-speed trainsets for Amtrak in full compliance with the "Buy American Act". The first two trainsets have been manufactured in the State of New York and are undergoing testing at US facilities. Alstom is using parts manufactured by 250 suppliers in 17 states. More than 1,300 new jobs have been generated in nearly 90 communities across the United States to support production, including the creation of new, sustainable, high-tech, engineering and manufacturing jobs. Furthermore, Alstom is currently building a new stainless-steel car body shell facility in Hornell. Localising the industrial process helps to create 250 new jobs, and to preserve 350 current jobs in the State of New York. Alstom recently reinforced its commitment to the "Buy American Act" by appointing a Buy America and Supplier Diversity Director whose full-time responsibility is to further define and support Alstom's strategy in this sense. This not only aligns with US Federal and Local rules and regulations, but it is beneficial to its customers, as it has the end goal of creating jobs and supporting the US infrastructure. The Group also seeks to maximize the usage of local suppliers in response to customer bid requests, when potential suppliers are available and qualified to perform the identified work scopes. For instance, Alstom uses multiple methods to identify new potential local suppliers such as: the North American Industry Clarification System (NAICS) codes, the State websites, the Small & Disadvantages Business Enterprise (SBE/DBE) directories for subcontracting opportunities to boost local development. Alstom also hosts "Suppliers Days". In this regard, a Supplier Day for Amtrak was held where SBE/DBE were acknowledged for their efforts to support Alstom and its customers. In addition, as an active member of the American Public Transportation Association (APTA), the Company has hosted a conference breakout session called "Meet the Primes" in order to meet with prospective suppliers and industry leaders. Alstom participates each year in the New York State Minority and Women Owned Business Entities (MWBE) Forum furthering its commitment to local development.
- In India, Alstom is actively implementing the national "Make-in-India" policy mainly through the development of local suppliers. Moreover, the Company is working with a solid local suppliers base, including small and medium-sized enterprises – SMEs. In order to identify potential local suppliers, Alstom has organised a Summit with the Confederation of Indian Industry (CII) gathering 234 suppliers. Evaluation of suppliers and the establishment of collaborations are ongoing. During the financial year 2020/21, six online trainings were conducted, covering 158 suppliers, and 593 participants. Alstom is also sponsoring supplier development programmes for 47 suppliers with the objective to develop and improve their maturity. The Sri City factory in Andhra Pradesh that manufactures rolling stock (metro trains) has confirmed its position as a manufacturing hub for Alstom's domestic and international clients. Locally, it is also a preferred workplace due to the regular employee development and inclusive programmes.

- Alstom supports the localisation of subcontracting activities in Vietnam and the Philippines through a diverse and reliable network of local suppliers. Indeed, in Vietnam, more than 150 local jobs were created in signalling, power supply, and depot equipment installation through the Hanoi Metro Line 3 project. At the same time, in the Philippines, Alstom is upgrading and extending the Light Rail Transit Line 1 of Manila metro, with the close collaboration of local suppliers. The Group has created more than 100 local jobs in trackwork, OCS, signalling, and power supply installation through this project.
- In Taiwan, Alstom is providing an integrated metro system for Taipei Metro. In this context, the Company works on the development of its pool of qualified local suppliers. Leveraging on the Taiwan Railway Association’s network, and referencing past signalling projects for proven subcontractors, this helps identifying new potential suppliers to boost local development. Alstom also involves more than 30 local workers in signalling installation through the Xinzhuang depot extension and Microcab projects.
- In Australia, Alstom has signed a contract with the Public Transport Authority of Western Australia (PTA) to manufacture and maintain the next generation of C-series trains for Perth’s growing rail network. The project sees the transfer of the latest railway technologies and manufacturing processes to Western Australia. This establishes the most technologically advanced train manufacturing and maintenance sites in Australia. Alstom provides fast-tracked training and skills development programmes through dedicated partnerships with local Technical and Further Education “TAFE” as well as training organisations, creating a new generation of skilled railway manufacturing professionals.
- In South Africa: Gibela builds passenger trains for the national railway agency PRASA, and Alstom Ubunye produces train components primarily for Gibela. Alstom’s industrial footprint comprises two manufacturing sites near Johannesburg. The 78-hectare Gibela Dunnottar plant is a world-class hub for train manufacturing excellence in the African continent and was built at an investment of more than €50 million, while the Alstom Ubunye site has been fully modernised since its acquisition. Both JVs are well established South African companies, with a workforce of 2,500 employees. With a high local content contractual commitment, Gibela is strongly invested in developing local supply-chains and sourcing components from local companies. Indeed, it has actively sought to increase its use of local suppliers, thereby supporting local businesses. In this sense, Gibela has continuously increased the number of Black Women Owned (BWO), Qualifying Small Enterprise (QSE)/Exempt Micro Enterprise (EME), and Broad-Based Black Economic Empowerment (B-BBEE) businesses that it supports. The Company currently relies on 79 South-African suppliers to supply critical components for its trains such as cables, sub-systems or interiors. It also hosts “Supplier Days” to showcase procurement requirements to local businesses and has adjusted its sourcing processes to enable entry into its supply chain. As part of efforts to develop a strong, sustainable South African supplier base, Gibela has also deployed a robust supplier development programme, which now hosts 40 companies and focuses on technology transfer, capacity ramp-up and compliance with international standards. Alstom is committed to boosting the economy and industry by creating jobs and developing skills. This also includes bringing international suppliers to South Africa to build local capacity. The second Socio-Economic Impact Report completed in 2020 emphasised that both construction as well as manufacturing and commercial service to date have added more than 5,179 jobs to the economy⁽¹⁾.
- In France, Alstom has an important territorial footprint and has taken part in the development of several projects specifically dedicated to SMEs on innovation, management training, industrial performance, diversification, export and international expansion. As a proactive member of different key organisations, Alstom contributes to SMEs’ development:
 - The Group has recently launched the “Compétitivité, Accompagnement, Rail, Emploi” CARE Programme (Competitiveness, Support, Rail, Employment) with its SMEs partners. The main objective is to improve the supply chain performance of the industrial railway sector. In this perspective, SMEs benefit from the advice of experts in order to significantly reduce the rate of quality non-compliance of materials and enhance a greater reliability in delivery times. In partnership with the Federation of Railway Industries (FIF), Alstom plans to continue to extend this project throughout France and Europe.
 - Alstom has been a member of the *Pacte PME* association since its foundation in 2010. This association brings together 50 companies (large public and private companies) and 35 professional organisations. Their common ambition is to facilitate and strengthen cooperation between large Groups and SMEs in order to support the emergence of new leading companies. Indeed, within this association, Alstom supports SMEs through targeted actions in three main areas: innovation, mutualisation, and international development. In January 2020, Alstom took part in the new edition of the “Destination ETI Express” (Destination MSC, Mid-Size Companies) programme. This edition aimed at supporting 18 CEOs of SMEs in strengthening their strategic and managerial expertise to accelerate the transformation of their companies.
 - Alstom is also a member of the *Alliance et Territoires* association, which was founded to accelerate the integration into the labour market in the Rhône-Alpes region by creating a positive dynamic in terms of employment and skills development. Alstom’s Villeurbanne site works with the association on several activities, such as: benchmarks, team support through an Agile workshop, fast co-development, webinars, trainings, or the contribution to the Programme SMEs Boost’Innov that accompanies enterprise executives.
 - The Company develops joint projects with SMEs and academics under the French government programme “Investments for the Future” (*Programme d’investissements d’avenir*). This is the case, for example, of the Technological Research Institute of Saclay (Systemx), of Railenium, in Northern France, as well as of the Institute of Energy Transition (*Institut de transition énergétique*) of Villeurbanne (Supergrid). In order to develop ecosystems around innovation, Alstom is also present in many competitiveness clusters (*pôles de compétitivité*), such as: the I-Trans and Medea clusters (in the North of France), the Vehicle of the Future cluster in Belfort, the Aerospace Valley hub in Toulouse, or the Systematic hub in Paris. More information is available at www.alstom.com.

(1) Gibela, Socio-economic impact report, 2020.

Key Performance indicators and results

Alstom follows the impact of its local development investment policy by monitoring the alignment of the number of employees versus sales by destination as well as the number of suppliers trained at region level and newly available figures on jobs generated.

NUMBER OF EMPLOYEES BY REGION VERSUS SALES BY DESTINATION

	% of employees	% of Sales by destination ^(*)
Europe	58%	61%
Africa/Middle East/Central Asia	11%	12%
Asia-Pacific	19%	12%
Americas	12%	15%

(*) These data include two months of consolidated activity integrating Bombardier Transportation’s legacy perimeter.

NUMBER OF SUPPLIERS TRAINED AT THE LOCAL LEVEL

	2019/20	2020/21
Europe	116	66
Africa/Middle East/Central Asia	133	8
Asia-Pacific	191	689
Americas	62	19
TOTAL	502	782

For some regions, the number of suppliers trained is lower compared to last fiscal year, due to the Covid-19 sanitary crisis.

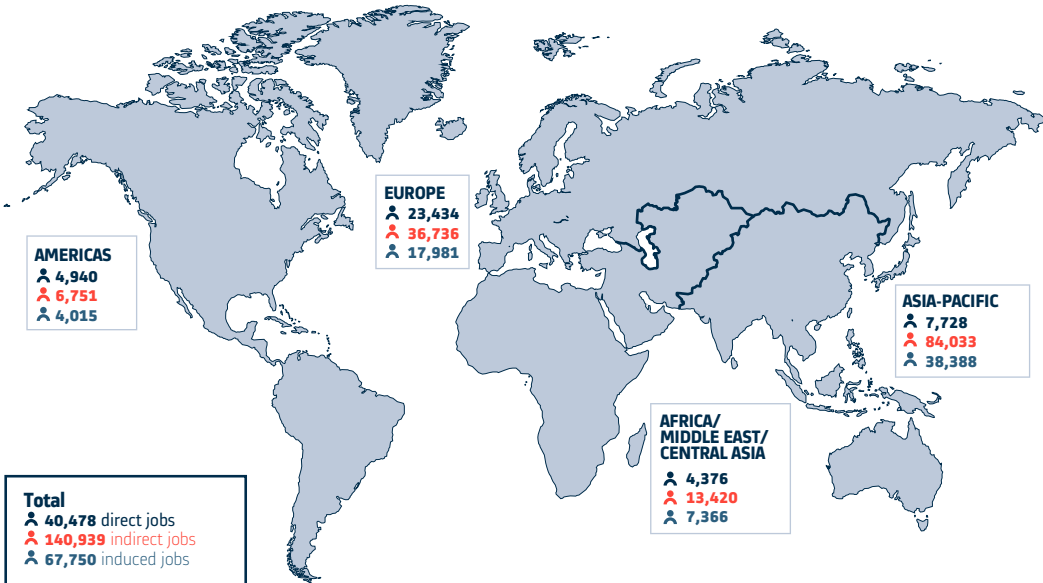
For more information on the trainings ensured for suppliers at the local level, see the chapter “Sustainable Procurement”, page 300.

Social impact assessment

Two Social Impact Assessments (SIAs) were conducted over recent years on the Company’s activity in the United Kingdom and on the activity of the Gibela joint venture in South Africa, last updated in 2020. The aim was to assess the economic value of these activities and their contribution to the local economy. The assessment looked at the value of the entities as suppliers of products and services, as major employers and skills developers, and as drivers of local supply chains and economic development of local communities. The assessment also looked at their ecological footprint, their role as corporate citizens and their overall contribution to national development.

This year, Alstom worked on a methodology to measure more broadly the social, economic and environmental benefit of its activities and its contribution to the development of territories in its various countries of operations, in particular the number of jobs supported through its activities: direct, indirect and induced. A pilot is being conducted in India with an impact report to be finalised by Summer 2021. The objective will be then to deploy impact assessment to other countries where Alstom has a major presence.

NUMBER OF JOBS SUPPORTED (DIRECT, INDIRECT, INDUCED)



Indirect jobs are the jobs supported in Alstom’s supply chain due to its procurement among its subcontractors and suppliers. Induced jobs are the jobs supported in the economy at large by the spending in the economy of Alstom direct employees’ wages and part of Alstom suppliers’ wages, corrected for income tax, employee social contribution and savings.

Source: Alstom Social Impact Assessment Survey 2020.

Relationship with local communities

The legitimacy of a company like Alstom, which is operating in many countries around the globe, stands not just on its ability to satisfy its customers, partners, investors and employees, but also on the acceptance of its presence by the communities amongst which it is located. The lack of open and regular engagement with these local communities could impact a company's reputation thereby challenging this legitimacy – its "Licence to operate" – potentially giving rise to dispute with its neighbours.

Establishing itself locally and demonstrating positive impact are essential to the preservation of a company's ability to perform its day to day business. Through dialogue with these communities and contribution to local initiatives, Alstom strives to be a good corporate citizen, the success of which is good for the broader community.

Strategy and policies

Alstom recognises that, whilst it is a global player, it also has the obligation to act as a local player wherever it is operating. This requires engagement with communities local to its sites and offices in order to nurture good relationships, ensure an acceptance of its presence and demonstrate its long-term commitment to those locations. The Company's various stakeholders – its customers; investors; employees; local authorities; and the local communities themselves – increasingly expect such engagement to lead to measurable material benefit for the communities; indeed, in some countries (e.g. India and South Africa) there is a legal requirement for companies to undertake such activities.

This strategy is fully integrated in the Company's Sustainability and CSR policy. The Sustainability & CSR function coordinates the transversal deployment of the related Community Investment and Volunteering policies through a network of Sustainability & CSR Champions located in all countries or clusters in which Alstom has a significant presence. A key measure of the effectiveness of these policies, addressed under the Alstom In Motion strategy – commitment to society, is the number of beneficiaries each year from the various activities undertaken.

Community investment

Alstom first defined its global Community Investment Policy in 2013. Since then it has consistently applied this policy, engaging with local stakeholders in order to develop and implement local action plans (the Country Community Action Plans or CCAPs) which address their expectations and needs.

The Community Investment Policy has three priorities:

- responding to local social needs;
- supporting development through education;
- encouraging the development of local enterprises (see the section on Local Development, page 288).

Responding to local social needs

Alstom seeks to make a positive impact on disadvantaged local communities, improving their living conditions and their socio-economic standing through pragmatic dialogue and by encouraging employee awareness and employee involvement in various volunteering activities.

Alstom is involved in charitable activities and fund-raising in most of the countries in which it has a major presence. The Company encourages initiatives amongst its employees to raise money or make other forms of donation in support of local charities and often contributes to them

in some way, such as through sponsorship, the "matching" of employee donations, the provision of food or refreshments, by allowing the use of company property or by giving employees the time to participate.

Most usually Alstom's employees get involved in fund-raising events such as charity runs, sponsored bicycle rides, or collecting caps. This is the case for Australia, Germany, Spain, or Poland. Engaging in collecting or donating clothes, toys, books or food is also greatly practiced in the UK, Italy, Belgium, France, Panama, Hong Kong, or the USA, often geared to a specific calendar event such as Christmas time, Ramadan or Chinese New Year.

Overall, Alstom addresses social needs through its support to charities and through community project support. Emergency relief in the wake of natural disasters is in the remit of the Alstom Foundation.

Examples of charitable support include:

- donations of cash, products (food; toys, clothes...), services or equipment to local, national and international charitable appeals;
- membership of, and subscriptions to, charitable organisations that help to deliver the community engagement strategy;
- company-matching of employee donations and fundraising;
- employee volunteering during working hours.

Examples of community support include:

- the provision of expertise in such areas as the environment; diversity; human rights; STEM (Science, Technology, Engineering, Mathematics);
- general manpower and financial support to disadvantaged communities;
- grants, donations (cash, product, services or equipment) to community partner organisations;
- support to individuals of the community who are struggling, by such actions as mentoring jobseekers and targeted recruitment of local people from disadvantaged backgrounds or without qualifications.

Supporting development through education

Alstom promotes education among young people through four primary activities: the development of individual skills and employability, the raising of awareness on key topics linked to Alstom values (e.g. the environment, diversity, health and safety, human rights, STEM), support to schools and partnerships with colleges and universities. The Company has created a core group of STEM Ambassadors with the expertise, experience, training and will to collaborate with educational establishments to promote STEM topics and to mentor individual students.

Alstom's sites around the world often have strong links, either formal or informal, to local schools, supporting them by organising familiarisation visits to its sites, by participating in Governing or Examining Boards, by deploying its STEM Ambassadors to encourage the children to contemplate careers in these areas, by facilitating internships and by fulfilling other needs such as equipment provision or the renovation of school infrastructure.

Alstom has a broad array of technical partnerships in place with Universities/Higher Education establishments in Europe and beyond. The objective of these is to enhance the Company's Research and Development (R&D) capability by using local talent. A list of these partners by country can be found on the Alstom website.

The Company has targeted relationships with selected educational establishments around the world aimed at facilitating internships and encouraging students into the railway industry. This has the double benefit of allowing alumni to secure good jobs at the end of their course, whilst allowing Alstom to identify strong candidates for recruitment.

Beyond this, the Company frequently supports educational establishments by making its experts available as lecturers, examiners and mentors, by participating in job/career fairs, and by organising workshops and site visits.

Further examples of education-related activities include:

- developing employability – encouraging individuals e.g. in-house training and placements of local people and mentoring of apprentices;
- support to schools e.g. organisation of Alstom site visits (including virtual ones); General manpower and financial support;
- partnerships with and support to Colleges and Universities:
 - providing lecturers on engineering-related topics,
 - establishment of Alstom Scholarships/Chairs,
 - sponsoring engineering fairs, innovation competitions and hackathons.

Volunteering

In order to support its Community Investment Policy, Alstom has developed a Volunteering Policy which seeks to encourage volunteering amongst its workforce. It is estimated that a significant proportion of the Alstom workforce (about 15%) engages in some sort of philanthropic activity in support of good causes. This they do of their own volition, giving freely of their time, money and expertise. Alstom seeks to leverage this, adding value where it can, consistently with its Community Investment Policy. Local management teams are authorised to allow Alstom employees to spend one paid day per year to undertake a volunteering activity. Whilst activities can be undertaken at individual level, it has been found that team activities give the best results for the beneficiaries whilst promoting team-building amongst Alstom colleagues.

Processes and action plans

Under the banner of “Alstom in the Community” there are two arms to the Company’s local community activities. One arm is the Alstom Foundation which is a centrally managed entity, with its own unique budget and branding, which selects, finances and monitors the progress of community-related projects around the world on a once-a-year cycle.

These projects are generally of a duration of between six months and three years. The second arm involves the management teams, in all countries in which Alstom has a significant employee headcount, in the development of their own annual Country Community Action Plans (CCAPs). 37 countries, representing 97% of the Alstom workforce, established CCAPs during the year, encompassing 469 separate activities. This compares with 29 countries and more than 550 activities during the previous fiscal year. These plans are developed, funded, managed and implemented locally in line with the Company’s Community Investment Policy. The actions under each plan are decided based upon a local perspective of how the Company can have maximum impact in addressing local needs, whilst taking account of local culture and sensitivities. Such actions are normally performed in the name of the local Alstom entity.

The Alstom Foundation

The Alstom Foundation was created in 2007 in order to share Alstom’s success with disadvantaged communities situated in countries where Alstom is active, thereby enhancing the relationships with such communities whilst encouraging the citizenship and engagement of Alstom’s employees. Working with international and local partners, the Foundation seeks to improve the living conditions of local communities by providing finance for a variety of concrete initiatives which support socio-economic development and sustainability. With its budget of €1.5 million per year, exceptionally increased to €1.9 million in 2020/21 due to the Covid-19 context (page 297), the Foundation has supported 239 projects to date, including the 29 projects selected in 2020/21. The Alstom Foundation also makes donations on a selective basis to expert Non-Governmental Organisations actively involved in supporting communities in the aftermath of natural disasters. During this Fiscal Year, it acted just after the explosion which hit Beirut, Lebanon last August 2020 and the earthquake which impacted Izmir, Turkey in October 2020. It also supported the reconstruction in the Philippines in the aftermath of several typhoons in November 2020.

In the context of the Bombardier acquisition, Alstom Foundation’s yearly budget will increase to €2.2 million from 2021/22, allowing to cover a few additional countries and to select more projects.

Whilst its focus in the past has been, and will remain, predominantly developing economies, the Foundation also supports worthy community projects located in developed countries, which recognises the fact that Alstom has a major presence in several developed countries and that disadvantaged communities also exist in these countries.

The projects of the Foundation generally address one or more of the following four challenges:



The Foundation’s Board of Directors includes eight members, five of whom are internal to Alstom and three of whom are external experts. All eight members are volunteers. The Board is supported by a Secretariat which undertakes the day-to-day running of the Foundation and implements the Board’s decisions. The Secretariat oversees the implementation of the agreements with the selected partners and the progress of the projects that the Foundation is supporting.

24 ongoing projects were active in March 2021 and 29 new ones were added in October 2020. Several of these projects (for instance in Spain, India, Turkey, Italy, Romania or South Africa) were the subject of focused volunteering activity by teams of Alstom employees who gave freely of their time and expertise to give on the ground support to local NGO partners. To be noted that the implementation of several projects has been delayed due to the Covid-19 impact, particularly lockdowns.

Country Community Action Plans

In all the countries in which Alstom has a substantial headcount (typically greater than 200 employees) a Sustainability & CSR Champion has been appointed to lead the local implementation of the Company’s Community

Investment Policy. CSR Champions have also been appointed at Region level to coordinate such activities across countries in a Region and to facilitate approvals where required. The Sustainability & CSR Champions are not full time in this role but act as main point of contact on top of their standard role. Global coordination at headquarters is undertaken by the Director, Community Investment, who ensures the overall consistency of activities and the transfer of best practice from one Region to another.

Alstom has put in place a philanthropy and community engagement strategy spanning all the countries in which it has a major presence. This strategy is consistent with the Community Investment Policy and its priorities are aligned with Alstom’s business drivers. Such alignment allows the Company to leverage its strengths, its brand and its employees to have the maximum impact on the beneficiaries. The strategy is underpinned by a process, drawn up in 2018 and lodged formally in the Alstom Management System, which sets out the rules and methodology for the production and implementation of Country Community Action Plans.

The Sustainability & CSR Champions use the CCAP Template to support this process, allowing the actions to be planned, monitored, recorded and assessed. It also facilitates consolidation to give an overall global picture of the Company’s community actions during the year.

CCAP initiatives must be aligned with the Community Investment Policy with its three axes: meeting social needs; supporting education; cultivating local enterprises.

A global cash budget of €1 million per year has been established to support the implementation of CCAP activities, this money being used as leverage to achieve benefits of greater value to the supported communities. The non-cash costs of such activities (man-days value), amounting to a cash equivalent of more than €1 million, are borne by country or project budgets. In addition, Alstom’s Joint Venture in South Africa – Gibela – spent during the year over €7 million on Broad-Based Black Economic Empowerment-related skills development and local enterprise development.

Main results and performance indicators

Alstom follows the impact of its community investment policy by monitoring the number of people who benefit from Alstom Foundation projects and local country actions every year:

NUMBER OF BENEFICIARIES FROM SOCIAL PROGRAMMES (*1,000)

	2019/20	2020/21	Target
Alstom Foundation	41	45	30
Actions in support to communities from Country Community Action Plans (CCAP)	88	158	70
<i>Including Covid-related actions</i>		79	
TOTAL	129	203	100

The Alstom Foundation





At its meeting in October 2020 the Board of Directors selected 29 projects for support from the 2020/21 budget. Examples of these projects are included below, according to the four axes on the Foundation.

The nature of the projects supported by the Alstom Foundation is such that it is sometimes quite difficult to assess the number of direct beneficiaries of a project. For certain projects the benefits are felt during the implementation phase, whereas for others the benefits can only be realised after the project has been completed. The Foundation has

decided to place a special focus on this issue with the goal of positively impacting through its projects at least 30,000 direct beneficiaries per year by 2025. An analysis of the 56 projects that were active during the Fiscal Year 2020/21 across 26 countries indicates that over 45,000 individuals will benefit, or will have benefitted, directly from them once they are completed. Several hundred more have benefitted from the Natural Disaster Fund donations of the Foundation mentioned earlier.

More information about the Alstom Foundation and its projects can be found on the Foundation’s website: www.foundation.alstom.com.

ALSTOM FOUNDATION PROJECTS SELECTED DURING 2020 BOARD – KEY EXAMPLES ACCORDING TO 4 AXES

Axe	Country	Project title	Partner
 Access to mobility	Colombia	Bicycles for Educational Empowerment Program (BEEP) Phase 2	World Bicycle Relief
 Access to energy and water	India	Water for Life II - Integrated Water Management Program encompassing the rehabilitation of infrastructure to allow the local population access to water for agriculture and sanitation purposes	Gramium with SEVAI and Objectif France Inde
 Environmental protection	Senegal	Women empowerment for the safeguarding and valorization of the mangrove	Le Partenariat
 Economic, social development & support	France	Digitizing the duo for a job life cycle – Mentoring program for migrants / refugees and help them find a job	Duo for a Job

Country Community Action Plans (CCAPs)

At the end of the fiscal year, 37 Country Community Action plans had been implemented.

A special focus is placed on assessing the number of direct beneficiaries of these various actions and on understanding how they benefit – as the ways in which they benefit can vary enormously. Guidelines for assessing the number of direct beneficiaries have been established. Overall, it is estimated that around 158,000 people have benefitted in some way from

Alstom’s CCAP activities during the year (in addition to the beneficiaries of the Alstom Foundation activities mentioned above), including close to 79,000 from Covid-related actions.

The following paragraphs highlight the inputs and outcomes of a selection of activities from the list of 469 undertaken during the fiscal year pertinent to each category of the Community Investment Policy. Overall, over 3,049 person-days of Alstom time were committed to these activities.

Responding to local social needs

Community project support

- In France, a €54,800 agreement over three years was signed last November with ONF for planting 4,000 trees in Hauts-de-France forests. In the UAE, Alstom has participated in mangrove tree planting activities. Sometimes organised by the Company, sometimes by national or even global movements, the Company often provides the time, the transportation and the equipment for such engagement in the interest of the environment.

Supporting disadvantaged individuals

- In several countries (e.g. Australia, Philippines, France) Alstom encourages its employees to give blood by arranging for the blood transfusion services to come to Alstom premises and by allowing employees to donate during working time. In the case of Spain, Alstom staff fitted out a tram with the necessary equipment and facilities for it to be used as a travelling blood donation facility.
- In France, the Company is also in partnership at a national level with the NGO "Nos Quartiers ont du Talent" (NQT) in order to help youth with a high degree level, but from disadvantaged backgrounds, to find a job.

Support to charities

- In most countries Alstom engages in activities to raise money and/or to gather items (e.g. food, toys, clothes) for donation to charities, often incentivising employee involvement through a matching policy. Usually, money raising is focused around sporting events (Biking or running), but due to Covid-19 restrictions, actions could not be launched as usual. Poland for instance used to encourage active mobility amongst Alstom employees: kilometres walked, run, cycled during a specific period and measured using a specially designed application were converted into cash for donation to local charities. Instead, this year the teams had to link with the "Plastic free campaign" and collect plastic bottle caps for recycling and convert into money. Other countries (e.g. Italy, Belgium, UAE) have initiated similar actions or awareness campaigns around plastic use. Overall around €300,000 was spent in money and time on such activities during the year (not counting the financial contributions from individual Alstom staff).
- Every year laptop computers used by Alstom staff that are being replaced but still usable are cleaned up and then made available to suitable charities, NGOs and schools in disadvantaged areas. During the fiscal year several hundred computers were handed over (e.g. Algeria, Belgium, Chile, China, Egypt, Germany, Hong Kong, India, Israel, Italy, Norway, Poland, Singapore, South Africa, UAE).

Supporting development through education

Developing individual skills and employability

- Alstom has apprentice, internship and mentoring programs in place in several countries which are often (as is the case in Brazil, France, Australia, Qatar, Italy, Chile, Morocco) focused on young people from disadvantaged backgrounds or not. This frequently involves partnerships with local institutions, the training of internal mentors, and the development and implementation of a training plan. The aim is for apprentices to learn a trade as leverage for future employment – whether in Alstom or elsewhere. Training can be full or part time and of different durations.
- The Charleroi site in Belgium is involved in supporting youngsters suffering from "school burn-out" who drop out of school before obtaining any qualification. In order to motivate them to finish school,

whilst preparing them for later employment, the site participates in a program called "Alternance training" which gives the students a part-time labour contract for one or two years, allowing them to earn money and be trained whilst completing the school curriculum. This action is reflected in the 2020/21 "Recruitment Campaign" for the Charleroi site.

Raising awareness on key topics

- The development of women in business is on-going with several actions implemented. In Australia, a Women in Engineering mentoring program is conducted with the University of Technology in Sydney (UTS) fostering female graduate engineers. In France and Spain, Alstom acts in partnership with the association "Elles Bougent" in order to develop mindsets on diversity and promote engineering as a career for women. In Italy, the Company supports the Donna STEM association promoting female professionals in the industry and encouraging cultural transformation. Overall, the Company contributes to a broad range of events.
- In many countries (e.g. Italy, France, Spain) Alstom has an obligation to support people with disabilities. This can take several forms including the creation of meaningful employment; support to supplier organisations that employ a predominantly disabled workforce; and involving disabled people in the design of its products and services to ensure that their needs are taken into account. In Spain, the Company has a frame agreement in place with *Fundación ONCE* (an association for the blind) aimed at improving accessibility for disabled and to promote their employment in Alstom.

Supporting local schools

- Due to Covid-19 pandemic, usual open days or visits to Alstom factories and work sites could not materialise as such, but virtual sessions were organised so that school children may gain a perception of life in industry in general, and in the transport sector in particular. This was the case in the UK where virtual assemblies (3x20 min) have been delivered to over 10 local schools. In Qatar, Alstom also joined "Virtual Summer Camps" offering participants (13-24 years) an opportunity to attend a series of entrepreneurial and innovative workshops.
- The Company is often involved in STEM topics. There is for instance a three-year learning development program under implementation for mathematics and science lectures supported by the Gibela site in South Africa.

Supporting Colleges and Universities

- Support to Universities can take many forms, ranging from the sponsorship of particular courses (such as the two-year Master in Railways Mobility industry in Savigliano, Italy) and individual students, to the funding of an electrical design laboratory in Saudi Arabia, to virtual work experience in the UK where 40 students (15-18 years) studying STEM subjects attended a five-day work experience placement during summer holidays, to the provision of computers and other material; the provision of lecturers or experts on specialist topics, the collaboration with PhD students and participation at careers fairs;
- Alstom has relationships with 35 universities in 16 countries, primarily in Europe and the Americas, for Research and Development purposes. The list of these, and those of other research establishments with which the Company is working, can be found on the Alstom website www.alstom.com.

Encouraging the development of local enterprises

Please see the section on Encouraging Local Development (page 288).

The Challenge Accepted program

In 2020 Alstom University launched "Challenge Accepted", a program hosted for five months on the Alstom i-Learn portal, in which any Alstom employee that attended a learning module could collect points to be given at the end of each month to a non-profit organisation working in the social and economic development field. Every employee from every site in every country was encouraged to participate. A ceremony was held at the end of the period, and points were converted into money donated to the selected organisations which got the highest scores. This program enabled the donation of a total of €30,000 to four organisations. In Peru for instance, Fundación Harena was given €7,000 to improve children education quality at the Lunita de Paita nursery through the expansion and enhancement of its facilities and equipment.

4. ACTING AS A RESPONSIBLE BUSINESS PARTNER

Alstom aims to be a responsible business partner in every aspect of its activity. This involves:

- Ethics and Compliance (page 297);
- Sustainable Procurement (page 300);
- Respect of human rights (page 304);
- Customer Relationship (page 306);
- Railway Safety (page 308);
- Tax Evasion (page 310).

Ethics and Compliance^{VP}

"Ethics and Compliance" relates to the section "Ethics and Compliance" in chapter 4.

The respect of the highest standards of integrity is essential for Alstom. Alstom's reputation can only be built through the continuous strengthening of its ethical rules and procedures, as well as the adhesion of all managers and employees, who must know and rigorously apply the principles of Alstom's Code of Ethics and its Ethics & Compliance instructions.

The Alstom Ethics & Compliance (E&C) programme covers the areas of anti-corruption efforts, anti-trust compliance, export controls and trade sanctions, and data privacy. The risks that many of these areas address are potential criminal liability which can result in important criminal penalties and imprisonment for Alstom managers, exclusion from national or international markets in the framework of debarments by public or private authorities and damage to Alstom's reputation in the eyes of its stakeholders in all aspects of its activities (employees, business partners, shareholders, among others).

The regulatory environment in which Alstom operates is becoming more and more complex. This is especially the case in the areas of competition laws and legislation relating to the fight against corruption and money laundering. Another area where this complexity is evidenced is in the field of export control regulations, embargoes, economic sanctions or other trade restrictions imposed by the United States, Canada, the European Union, Russia or other countries or organisations.

Covid-19-related actions

Alstom teams have been committed throughout the world to supporting the fight against the Covid-19 pandemic, for example by donating masks and other protective equipment to hospitals, local communities and partners, leveraging 3D technology to produce face shields, and organising volunteering in support of affected populations. So far, close to 216,000 masks of various types and different protective materials (gloves, faceshields & frames, sanitizers, etc) have been donated, along with more than €154,000 in financial donations (mostly for medical equipment, protective clothing, and food banks). Alstom Foundation's budget exceptionally increased from €1.5 to €1.9 million in 2020/21, allowing to select a higher number of projects this year and to pay a special attention to Covid-19 impact.

More specifically:

- the Anti-corruption risk is present due to the nature of Alstom's business activities involving high value public works projects with public administrations and governmental bodies financed by taxes and other government funding;
- the risk of anti-competitive practices such as collusion or price fixing is present due to the structure of Alstom's markets which involve a small number of competitors;
- for export control and sanctions regimes, Alstom's activities are governed by European Union sanction and dual use regimes, OFAC⁽¹⁾ sanctions lists and BIS⁽²⁾ export regimes in the United States as well as United Nations sanctions lists and other such lists in multiple jurisdictions. The fact that many of these regulations carry an extraterritorial impact make compliance activities even more challenging;
- for data privacy, the main non-compliance risks for Alstom are (i) an unauthorised disclosure of a person's personal data ("data breach"), (ii) an unjustified collection or usage of personal data, and (iii) the inability of Alstom to comply with the rights under law of data subjects (right to be forgotten, right of access, right to object, right of correction, right of transfer).

Strategy and policies

The Alstom Ethics & Compliance Policy, signed by the Chief Compliance Officer, sets forth the values and E&C commitments of the Group. It is fully integrated into the Alstom Group Sustainability and Corporate Social Responsibility policy, which is endorsed by the CEO.

The fundamental rules are included in the Alstom Code of Ethics which prescribes essential principles of conduct: respect of laws and regulations, respect of all Alstom rules and policies, prevention of corruption and bribery, compliance with competition laws and the importance for everyone to play his/her role in internal control and the non-disclosure of confidential information.

(1) Office of Foreign Assets Control.

(2) Bureau of Industry and Security.

Published for the first time in 2001, this document applies to every Alstom manager and employee and is regularly updated. A new version of the Alstom Code of Ethics has been published in 2020 in French and English and considerable efforts are being deployed to meet the objective of having a local language version of the new Alstom Code of Ethics available to all employees. Currently, the updated Code of Ethics is available in over 20 language versions. The E&C Central team continuously works with local teams to understand the needs of employees and provide further local language versions as required.

The Code of Ethics presents the Alstom Integrity Programme and gives specific instructions and requirements on the level of ethical behaviour expected from each Alstom employee or manager. It also provides contact points so that everyone can raise any question or concern.

The Code of Ethics and related internal rules and instructions cover the way Alstom manages its relations with Customers, Suppliers and Contractors, Sales Partners and Government Procurement in respect of Compliance with Laws and Regulations, Prevention of Corruption and Bribery, Compliance with Competition Laws, the Export Controls and Trade Sanctions, Anti-money Laundering, Conflicts of Interests, Gifts and Hospitality, Environmental Protection, Community Relations, Political Contributions and Activity, Charitable Contributions, Sponsorship, Respect of Human Rights, Relationships with Employees, Career Management for employees, Equal Opportunity Inclusiveness and Non-Discrimination, Health and Safety, Security of Employees, Data Privacy, Respect for Confidential Information, Intellectual Property, Insider Dealing, Communication with Analysts and Investors, Communication with the Media and Use of Social Networks.

The E&C Instructions specify the principles expressed in the Code of Ethics, in particular, regarding the prevention of Corruption and Bribery with Suppliers and Contractors and in joint ventures and consortia, Gifts and Hospitality, Political Contributions, Charitable Contributions, Sponsorship, dealing with Sales Partners or Consulting Companies, Conflicts of Interest, and Facilitation Payments. The E&C Instructions are regularly updated based on the experience of employees, external reviews (lawyers, companies specialised in the questions of ethics and compliance, etc.) and recommendations emanating from the World Bank and the other public entities.

The E&C activities are the responsibility of all Alstom employees and are implemented at all management levels of the organisation. The culture must permeate the whole organisation, the "tone from the top" being relayed by each level of the management to each and every employee.

Within the Board of Directors, the Ethics, Compliance and Sustainability (ECS) Committee, created in 2010, became the Ethics & Compliance (EC) Committee in 2020. It reviews the Ethics & Compliance policy of the Company and the processes in place and monitors their implementation by providing its advice to the Board of Directors.

The Chief Compliance Officer leads a dedicated team and reports to the General Counsel of Alstom who is a member of the Executive Committee, as well as to the Chairman and Chief Executive Officer and to the Board of Directors. To avoid any conflict of interests, the Chief Compliance Officer has autonomy and independence to define and implement rules and adequate processes.

The Ethics and Compliance Department (E&C), managed by the Chief Compliance Officer, includes a central team and a regional network. This team is composed of compliance experts who ensure the implementation of, and the harmonised approach to, the compliance rules of Alstom and its processes. It provides support for the application of the policies and the current rules.

The regional network is composed of seven regional compliance officers, each reporting hierarchically to the VP Legal & Compliance of the region, and functionally to the Chief Compliance Officer. The regional compliance officers work as closely as possible to the management to provide the support necessary for the operational activities of their region.

In order to increase the awareness of managers and employees, the E&C Department relies on a community of 370 E&C ambassadors, all volunteers, who come from all the functions. These ambassadors agree to devote part of their time to ethics and compliance matters and have no specific responsibility for the implementation of Alstom Integrity Programme. Their main role is to promote the culture of integrity through E&C awareness sessions and participation in any action of communication organised in their region and to be a contact point for questions about ethics and compliance.

Certification

Alstom ensures that its efforts systematically reflect best practices in terms of compliance and ethical standards and regularly reviews and audits its Integrity Programme. Since 2009, Alstom has been engaged in a process of certification of its anti-corruption policy.

Alstom obtained, in June 2017, the ISO 37001 certification for its anti-bribery management system on a European scale. Awarded by AFNOR Certification, this certification confirmed Alstom's commitment to fight corruption and marked the start of the Alstom certification campaign that has been followed by further audits in other regions in which the Group operates. The international standard ISO 37001, introduced in October 2016, advocates a series of measures to help organisations of all types, both private and public, to prevent, detect and tackle bribery through the implementation of an anti-bribery management system. The audits focused on the adequacy of Alstom's anti-bribery system according to the standard ISO 37001, in particular its Ethics & Compliance policy, the Code of Ethics, and the various instructions relating to existing anti-corruption procedures and numerous associated training tools.

Alstom is since 2019 certified ISO 37001 for all its countries and operational sites in its regions. Indeed, a renewal audit campaign took place in 2020 and Alstom is now certified ISO 37001 to 14 June 2023.

Processes and action plans

Risk-based approach

Alstom deploys its E&C programme to address the risks of its activities and the requirements of its employees and business partners. The E&C Department conducts an annual risk assessment and develops an action plan to mitigate the identified risks. This risk assessment is then conducted on various levels of the organisation to adapt the evaluation of risks locally according to the operational activities and the geographical zone and to adapt corrective actions to every type of risk.

In addition, a compliance assessment is made on each project during the pre-tender preparation phase prior to bidding on the project. Approximately 300 projects were evaluated during the fiscal year. In larger, more complex projects involving consortium partners and joint ventures, specific risk assessments are conducted on the project partners. A mitigation plan is elaborated according to the importance of the project and the risks identified before any answer to a tender, which is then transferred to the Project teams to ensure its execution.

In all projects and activities, the use of commercial agents is also subject to a specific risk review exercise as part of the due diligence and “on-boarding” process of the commercial agent.

Finally, at the discretion of the compliance team, specific risk assessments have been implemented for long-term projects which involve a significant investment in the country of activity.

Training and communication^{VP}

Communication, awareness and training of the managers and employees are essential to explain Alstom’s Ethics & Compliance policy. These actions are available on multiple media: on-line modules, class-room sessions and specialist interventions on the questions of ethics and compliance.

The 2020 e-Ethics module related to the Code of Ethics targets managers, engineers and professionals for whom it is compulsory upon joining Alstom. This module has been completed by 20,538 employees, which represents 98.2% of the targeted population.

Two targeted three-hour class-room “E&C” and “Competition Law” classes go deeper on the subjects of the fight against corruption and competition law, the legal environment in which Alstom operates and the Company’s rules on these subjects. A two-year learning campaign was launched in 2017 with the definition of a new target population, considered as more exposed to the risks of corruption and anti-trust, according to the function and the grading. 80% of the target audience has been trained (5,000 employees trained). A new two-year learning campaign is launched in 2020 to renew the learning campaign for the target population considered as more exposed to risks of corruption and anti-trust depending on function and grading.

Finally, as part of Alstom’s continuous improvement approach, following 2018’s annual micro-learning on the Alstom Alert Procedure, a micro-learning (10 minutes interactive e-learning refresher) was developed and implemented in 2019 with a focus on Conflicts of Interest. The module was completed by over 19,000 employees (97% of the target audience) during that fiscal year. 2020’s e-Ethics module on Alstom’s updated Code of Ethics target population is the same as for the Conflicts of Interest e-learning, meaning all managers, engineers and professionals. In addition to making these e-learnings a Group objective for the Company, the Executive Committee has made the completion of these E&C micro-learnings part of the bonus scheme.

A number of communication tools were adopted as part of a detailed communication plan in order to increase the visibility of the compliance activities:

- promotion of the updated 2020 Code of Ethics, simplified with concrete examples to enhance E&C guidance for employees;
- regular news on Alstom’s internal communication tools (intranet, social network of Alstom “Chatter”, TEAMS magazine);
- E&C Tone at the Top videos by each Region’s President, available on the intranet;

- the “E&C Days”, an all-day or half-day compliance event which can be deployed remotely on each Alstom site to raise awareness and adherence to the Alstom Integrity Programme. These sessions are organised to introduce local teams to the E&C team, to highlight the importance of compliance activities in the Region and also to help fully integrate the E&C ambassadors into the program and raise their visibility. The E&C days are an interactive and informal way to reinforce the Company’s expectations and promote an ethical culture, demonstrating that everyone is concerned through various role-playing scenarios where the participant is placed in practical situations. E&C Days were organised around the world during this fiscal year in person, until Covid-19 required an adjustment;
- the update of Alstom’s E&C SharePoint, available to all employees, consolidating the Company’s mission, policies, Code of Ethics, Alert Procedure, and supporting instructions with short explanations on topics, tools and contracts, following the 2020 refreshed Code of Ethics example;
- the celebration of the International Anti-Corruption Day in December with various actions among which were site events.

The E&C team works continuously with the E&C ambassador community to fully integrate them into the Integrity Programme. All training sessions reference the names and contact information of the local ambassadors and are conducted with their involvement when logistics allow. Also, the Regions circulate regular communication messages showcasing the ambassadors in order to publicise them as a point of contact for E&C issues.

A dedicated training course of one and a half days was implemented to strengthen their knowledge of the ethics and compliance subjects and various tools available to the employees of the Company such as the Alstom Alert Procedure. E&C ambassadors have been trained since the pilot session in February 2017.

Alert Procedure^{VP}

The Alstom Alert Procedure allows any employee or any third party in relationship with Alstom to report, according to the applicable legislation, a violation of the Code of Ethics or Alstom rules and policies.

The Alert Procedure offers several means of reporting:

- a secure website (www.alstom.ethicspoint.com);
- an icon for a direct access on every Company computer;
- a toll-free hotline,

all reachable 24 hours a day, seven days a week.

The scope of the Alstom Alert Procedure covers all the values and principles of the Alstom Code of Ethics, according to the applicable legislation in each country including: accounting banking & cash; anti-competitive practices corruption & bribery; conflicts of interest; discrimination & harassment; employee relations; environmental, health, safety; fraud & misuse of company assets; human rights; insider dealing; IT fraud; supplier & customer relations; workplace security and theft; other violations of Alstom rules, policies and internal controls.

A dedicated training on the alert procedure has been mandatory for all managers since 2018. A new online training package was launched in January 2018 with a focus on the Alert Procedure (see section above).

Alstom ensures that every measure is taken to respect reporter confidentiality and make the commitment that no employee will suffer from retaliation, such as a change of status, harassment or any other form of discrimination as a result of using the Alert Procedure or disclosing information in good faith. Alstom also allows for the anonymity of the reporter in the respect of applicable legislation.

All cases reported through the Alert Procedure were investigated, measures were taken and sanctions imposed by the Disciplinary Committee in all substantiated cases when judged necessary (oral warning, reminder letter, dismissal).

Disciplinary Committee

Alstom has implemented a Disciplinary Committee as the management body with authority to review cases of non-compliance with the Code of Ethics and Alstom rules and decide on appropriate and uniform disciplinary actions throughout the Company. In order to reinforce the importance of this Committee and the Alstom commitment to discipline, the Committee is made up of the Chief Executive Officer, the General Counsel, the Chief Human Resources Officer and the Chief Compliance Officer.

This Committee adopted a charter which governs its activities and holds reports of meetings and a register of all the disciplinary decisions taken to assure uniformity and equity. If the accused person is an employee, he/she has the right to be heard and any disciplinary action is presented to the employee by the Chief Compliance Officer or by the Human Resources Department and, in certain cases, directly by the General Management, to assure a complete understanding of the measures taken and their justification.

Furthermore, the E&C Central team deploys an annual communication plan to increase awareness regarding the disciplinary measures taken within the Group and regularly publishes anonymous examples of concrete cases.

Continuous improvement

The Company remains committed to the highest level of integrity in its activities and will continue the development of its compliance program.

To control the relevance, the adequacy and the efficiency of the Alstom Integrity Programme, an internal audit plan dedicated to the E&C processes is established every year and a resource of the Internal Audit Department is dedicated to these audits.

Main results and performance indicators^{PV}

The E&C Department uses various indicators to monitor the performance of the Alstom Integrity Program.

	2018/19	2019/20	2020/21	Target
Number of E&C Ambassadors	330	323	370	>400
ISO 37001 certification	All regions certified	All regions certified	All regions certified	Renewal of certification for the Alstom Group
% of people trained in E&C class (vs. targeted population)	83%	80%	80%	85%

Sustainable procurement^{VP}

With more than 105 sites located in 60 countries around the globe, Alstom is an international mobility provider and has a significant local footprint. As procurement activities account for nearly 60% of sales, the Group relies on a wide range of suppliers who represent the keystone of its sustainable business, namely: start-ups, small, medium and large companies, as well as companies employing people with disabilities.

In this context, procurement represents a source of both opportunities and risks, and is therefore a major challenge for the Company. Indeed, on the one hand, procurement makes an essential contribution to the Alstom’s global performance. On the other hand, the management of ethical, social and environmental issues (including eco-design, health and safety) in the procurement process is paramount, as it involves the Group’s reputation and the very sustainability of its activities. Knowledge

and mastery of these aspects are being established through collaborative and balanced relationships. In this sense, Alstom’s Corporate Social Responsibility (CSR) activities with its suppliers and subcontractors are based on mutual commitments and represent a key opportunity to strengthen them.

To monitor the performance of the Alstom Integrity Programme, the E&C Department launched in 2012 the Yearly Integrity Review to gather feedback on the performance of the Alstom Integrity Programme during the year. The managers requested to complete the questionnaires were identified by Human Resources and the list is reviewed with the Chief Compliance Officer (approximately 400 managers). The managers have also signed a representation letter confirming the commitment to the Alstom Integrity Programme. The tenth exercise will be launched in June 2021 in order to collect the feedback.

Based on the responses, the E&C Department provides to the Chief Executive Officer and the Ethics & Compliance Committee members a summary of feedback and statistics on the responses to the online survey. Then, the E&C Department prepares an action plan to address perceived points of attention.

Regulation of lobbying activity

In December 2016, France modified its legal framework to reinforce its anti-corruption initiatives and promote transparency in public affairs. In this framework, a register of lobbyists was created by the High Authority for Transparency in Public Life (*Haute Autorité pour la transparence de la vie publique*) for concerned French companies to identify themselves and join the register. This registration was completed by Alstom which is currently identifying and training employees and related parties which are subject to the reporting requirement. Alstom has submitted the required Annual Report to the French authorities.

Bombardier Transportation integration

On January 29, 2021, Alstom acquired Bombardier Transportation (BT) and began integrating BT into Alstom’s E&C program. This process is expected to last 12-18 months and includes E&C integration activities such as expanding the E&C Department, deployment of Alstom’s E&C mission, policy, Code of Ethics, E&C instructions, training, onboarding of new E&C ambassadors and post-close due diligence.

Strategy and policies

Alstom’s global Procurement Strategy first focuses on Corporate Social Responsibility (CSR). This is being integrated into the Group’s “Sustainable Procurement Policy”, which covers five main pillars, as follows:

- ensure that suppliers and subcontractors commit to respect “Ethics and Sustainable Development Charter for Alstom’s suppliers and contractors”;

- assess, develop, and support suppliers and subcontractors on their performance with a focus on CSR;
- provide eco-designed, environmentally friendly and socially responsible products and services in the context of safe working conditions;
- develop close and balanced relationships with start-ups, small, medium and large companies, as well as companies employing people with disabilities, in both local and global contexts;
- work in a continuous improvement approach with appropriate indicators.

The Company’s “ Sustainable Procurement Policy” has been signed by the Chief Procurement Officer (CPO), and is publicly promoted on its website at www.alstom.com. Sustainable Procurement is also represented within the Company’s Sustainable Development and CSR Steering Committee.

In this framework, the Procurement Department has put in place and fully integrated the Sustainable Procurement Division, whose main objective is to ensure the effective deployment of the policy and its concrete implementation in the overall work of the procurement community. This Division relies on a network of more than 850 people worldwide to reach its objectives. Indeed, Alstom’s Procurement organisation is structured by domain (Procurement families) and by region covering the global scope. Procurement Managers are responsible for a defined panel

of global strategic product families and are in direct contact with the suppliers and subcontractors in their portfolio, based on a key account management mode, while local Procurement is managed by Procurement teams depending on Alstom’s sites location around the world.

Procedures and action plans

Risk mapping^{VP}

Every year, the supplier and subcontractor risk map is updated. Due to their number, geographic footprint and diversity, Alstom assesses in priority suppliers and subcontractors that present the highest levels of environmental, social and ethical risks.

The priority list is built based on three criteria:

- the product family;
- the supplier’s country;
- the volume of purchases made from the supplier.

For both the product family and the supplier’s country, Alstom establishes a level of risk. As regards the product family, the level of risk is determined according to the energy consumption, the risk of chemical pollution as well as health and safety aspects. The level of risk for the supplier’s country takes into account corruption, political instability, respect for human rights, and consideration of environmental stakes.



1. Online assessments, carried out by the external company EcoVadis;
2. Onsite audits, called “Quick Industrial Assessments” run by Alstom’s buyers;
3. Onsite audits, called “Generic Process Audits” conducted by Alstom quality teams;
4. Online E&C screenings, run by an external solution provider;
5. Onsite social audits, carried out by an external company.

Risk assessment, mitigation and prevention procedures, monitoring system for measures^{VP}

Supplier engagement and qualification

Alstom ensures that its suppliers and subcontractors commit to a social approach and respect environmental, ethical, health and safety requirements through the signature of the “Ethics and Sustainable Development Charter for Alstom Suppliers and Subcontractors”.

By signing the charter, Alstom’s suppliers undertake to respect the principles of the United Nations Universal Declaration of Human Rights, the fundamental conventions of the International Labour Organisation (ILO), the OECD Guidelines for Multinational Enterprises, the rules of conduct of the International Chamber of Commerce (ICC), and the values defined by Alstom’s Code of Ethics.

In accordance with the ISO 37001 standard on anti-corruption management systems, the fifth edition of Alstom’s Charter. (published in October 2017), covers Alstom’s whistleblowing procedure. Suppliers and sub-contractors can use this procedure 24/7 to report possible illicit practices, including those related to business ethics and human rights violations, on a nominative or anonymous basis.

Following the application in France of the European Union General Data Protection Regulation (EU GDPR) starting in 25 May 2018, data confidentiality is also integrated. This states that all suppliers commit to collect and process all personal data in accordance with Alstom’s policy and the applicable data protection laws and regulations in force in the specific jurisdiction where the services are provided.

Moreover, Procurement teams request the signature of this charter prior to the procurement phase, taking preventive measures as early as possible in the negotiation process with suppliers and subcontractors. Compliance with the charter has been integrated into Alstom's general Procurement terms and conditions.

As of 31 March 2021, 93% of key suppliers⁽¹⁾ (representing 99% of the Procurement volume) had signed the charter.

Suppliers assessments and audits

The CSR activities of Alstom's suppliers are assessed according to environmental, social and ethical criteria and how they apply these criteria to their own suppliers.

Five main assessment methods are used:

- online assessments, carried out by the external company, EcoVadis;
- onsite audits, called "Quick Industrial Assessments" run by Alstom's buyers;
- onsite audits, called "Generic Process Audits" conducted by Alstom's quality teams;
- online screenings, run by an external solution provider; and
- onsite specific social audits, carried out by an external company.

First, the online assessments conducted by EcoVadis are documentation-based. Its CSR experts analyse suppliers' answers to sustainability questionnaires and the documentation attached as evidence to support their inputs. The assessment system is in line with the UN Global Compact guidelines, ISO 26000, and the Global Reporting Initiative (GRI). When the results of the assessment do not comply with Alstom's requirements, suppliers are required to establish and implement a corrective action plan to address the identified areas for improvement. In this sense, they can benefit from the support of Alstom's Procurement Managers who are trained to accompany them in their improvement process.

Once the corrective action plans have been implemented, suppliers are reassessed. If a non-compliant supplier refuses to implement corrective actions or to commit to improve its policies and make progress, Alstom may decide to end the business relationship.

On 31 March 2021, more than 530 suppliers had a valid assessment from EcoVadis, less than three years old.

As part of the qualification process, preliminary audits called "Quick Industrial Assessments" are conducted onsite by Alstom's buyers. These audits include questions related to suppliers' CSR activities. If the results are satisfactory, a more extensive audit, called "Generic Process Audit" is carried out by Alstom's Quality teams. This second audit includes questions aimed at minimising CSR risks. They also integrate the signing of the Ethics and Sustainable Development Charter, compliance with a minimum level of social practices, as well as more specific questions concerning waste management, recycling processes, and measures related to the reduction of greenhouse gas emissions.

During the 2020/21 fiscal year, 215 Generic Process Audits and Remote Quality Evaluations were conducted by Alstom's quality teams. Because of the Covid-19 epidemic, the quality team proceeded with remote evaluations when site access was not possible for generic process audits.

Within the framework of the application of its Ethics & Compliance policy in accordance with the measures laid down by the French "Sapin II" law, Alstom has set up "Due Diligence" procedures to verify the situation of its commercial agents, consortium partners and/or Joint Venture partners. The Group's suppliers and subcontractors have also been examined in an *ad hoc* manner, resulting in recommendations made by the Ethics and Compliance Department.

In September 2019, Alstom introduced a new screening tool for suppliers and subcontractors. This tool allows the Company to check their situation, both before and during the business relationship with Alstom (through a continuous monitoring system), and to communicate the risks identified or the related remediation measures.

The tool also allows an enhanced screening mode through media filtering, to identify negative quotes against suppliers and subcontractors on ethical, social and environmental issues.

During the 2020/21 fiscal year, more than 16,000 suppliers have been screened on main sanction lists.

Alstom has appointed an external company to conduct onsite social audits of suppliers and contractors. It should be noted that the Group will continue to reinforce the implementation of onsite audits, and select contractors and suppliers based on Environment Health and Safety Recommendations, Contractor Performance Tool, Human Rights scorecards, or the conclusions and decisions taken within the Company's Suppliers CSR Risk Committee (refer to Human Rights, page 304).

During the 2020/21 fiscal year, eight onsite social audits were conducted.

As part of the Group's strategy, AIM 2025, the Sustainable Procurement Division's objective is to monitor or evaluate 100% of suppliers according to social responsibility or ethical and compliance standards as per their level of risk by April 2025.

In total, EcoVadis online assessments, onsite Generic Process Audits, and enhanced screenings cover 83% of the volume of purchases made from suppliers identified as being at risk. Sanitary constraints have had an impact on the volume of assessments/audits carried out.

Finally, cases of non-compliance are subject to corrective action plans and follow-up to ensure that the required standards are achieved. Since March 2018, the Suppliers CSR Risk Committee deals with unresolved cases of non-compliance. Depending on the seriousness of the situation, the Committee can decide to: launch a second assessment or an onsite audit; suspend the business relationship with the supplier; or terminate the business relationship. Six sessions were organised over the 2020/21 fiscal year with Procurement managers.

Sector initiative: Railsponsible^{VP}

In order to extend sustainable development actions to the entire rail supply chain, Alstom has joined forces with key players in the rail sector and in March 2015 Alstom founded "Railsponsible", a collaborative sector initiative on sustainable Procurement with SNCF, Nederlandse Spoorwegen (NS), Deutsche Bahn, Bombardier, and Knorr-Bremse.

The initiative now has 14 members and aims to improve CSR practices throughout the supply chain through a common approach, field collaboration, and the sharing of best tools, practices and processes.

(1) Suppliers with whom Alstom has a spending exceeding €100,000, excluding the charter included in the general conditions of purchase.

Within this framework, members try to mutualise efforts towards common goals and decided to use the same online assessment platform – EcoVadis – to measure the CSR performance of their suppliers. This initiative has many benefits, for both suppliers and members. Once the evaluation is carried out, the score becomes available for the rest of the members of the initiative. By having access to supplier assessments that are not necessarily derived from the risk mapping, Alstom benefits from a better overview of the CSR performance of its supplier panel, while saving time and efficiency. Additional information is available on Railponsible webpage: www.railponsible.org.

In January 2017, “Railponsible” joined the Sustainable Public Procurement Programme of the United Nations Environment Programme (UNEP). This partnership enabled “Railponsible” to join a network of private and public players whose actions are part of the global movement dedicated to achieving the Sustainable Development Objectives set by the United Nations.

In order to align with a common path forward, the Railponsible Committee published a position paper on climate change in April 2018.

The 2025 strategy of the “Railponsible” Committee is structured around three main pillars:

- Climate Action (CO₂ efficiency of products/services; Low carbon procurement; Circular economy);
- Responsible procurement (Skills development; Business process and transparency; Supplier development);
- Social Responsibility (Human rights).

On 31 March 2021, 1,804 suppliers, representing all rail industry professions, have been evaluated on this common platform as part of the “Railponsible” initiative.

Buyer training and procurement of sustainable products and services

Alstom’s entire approach aims to integrate sustainable development as a key element of the Procurement culture. Beyond simple awareness raising, Alstom has developed a mandatory training programme adapted to the Procurement and Supplier Quality communities to encourage the strong involvement of all buyers.

The main objective of this training is to anchor CSR issues at every stage of the sourcing process, in addition to the challenges that responsible sourcing represents for Alstom, the monitoring of supplier evaluations, and support for implementing corrective action plans.

Two levels of training have been proposed for the 2020/21 period:

- the complete training module initially dedicated to Procurement managers and now open to buyers (332 buyers attended this training in 2020/21);
- An introduction to sustainable procurement in the form of an e-learning module for new buyers.

As of 31 March 2021, 93% of procurement managers (representing the priority target) have been trained.

In addition, each year, part of Alstom’s Procurement managers must respond to an internal audit (SMART), the objective of which is to verify the maturity of the Procurement function through the strict application of processes. CSR management of suppliers and sub-contractors is one of the subjects that the auditors check for effectiveness. A minimum score for this audit is part of the individual objectives of the Procurement managers.

Alstom’s eco-design teams and EHS experts advise buyers on the criteria for determining the best sustainable solutions.

This year, strategic suppliers of the Alliance program have been invited to participate in the “eco-design days”. These sessions provided an opportunity to share the Group’s sustainable procurement and eco-design policies with its partners. The objective of these working sessions was to review suppliers’ current programmes and ambitions in terms of eco-design in order to identify avenues for collaboration on innovative solutions that are efficient in terms of energy consumption and sustainable materials use.

Developing strong and balanced relationships

To strengthen its global and local presence, Alstom is developing and strengthening its relationships with its suppliers and subcontractors through various local and global programmes and platforms.

A good illustration of such a programme is “Alliance”, a premium partnership programme that Alstom has developed with its strategic suppliers. It aims to develop a collaborative approach with strategic suppliers in three main areas: Business Development, Industrial Excellence, and Products & Innovation. To date, 24 suppliers have signed the charter defining concrete objectives: supplier differentiation is a key factor in achieving “strategic” status. The governance of the programme evaluates annually the mutual interest, achievements and common benefits. As a result of this evaluation, the renewal or termination of the relationship can be considered, as well as the possible entry of new companies.

In November 2020, in order to raise awareness and reinforce collaborations, Alstom organised the third annual “We Are All Differently Able” (WADA) event. The Procurement Team of the Tarbes production site was rewarded for the integration of persons with disabilities into the project “Grand Paris Express”. On this occasion, several conferences and discussions were held on the following themes:

- stereotypes and prejudices about people with disabilities, how to work on the inclusion of people with disabilities;
- the promotion of the work of women with disabilities;
- or how to treat people with autism in the workplace and how they can benefit companies.

This event was organised in coordination with the Human Resources Department (more details on this event on page 280).

Finally, in 2020/21, in the context of the Covid-19 sanitary crisis, Alstom has taken necessary measures to ensure that the sanitary situation did not impact daily running of operations. Furthermore, Alstom’s Procurement Department has put in place a “Covid Control Tower” to guarantee a permanent contact with suppliers and subcontractors. The objective was to identify as soon as possible alerts related to delivery times and production capacity. Specific situations were then managed on a case-by-case basis.

For more information on Alstom’s support and collaboration with suppliers and sub-contractors, please refer to “Encouraging local development”, page 288.

Main results and performance indicators^{VP}

	2018/19	2019/20	2020/21
% of purchase amount covered by the referenced suppliers having signed the Ethics and Sustainable Development Charter ^(*)	98%	99%	99%
% of total purchase volume covered by online assessments, on-site audits or screening	51%	60%	64%
% of purchase volume from potentially high-risk suppliers covered by online assessments or on-site audits	75%	85%	83%
% of procurement managers who have attended sustainable sourcing training	91%	90%	93%

(*) Suppliers with whom Alstom has a spending exceeding €100,000, excluding the charters included in the general conditions of purchase.

Respect of human rights^{VP}

The respect for, and adherence to, human rights is at the heart of Alstom’s social responsibility. The consideration of fundamental human rights concerns the entire value chain.

As a global company, Alstom is expected to adhere to and promote high levels of ethical and labour standards across its sphere of influence. Any subpar performance in this field would affect the Group’s reputation and ability to meet client, investor and other stakeholder expectations. In the context of global and complex value chains, Alstom is also exposed to a reputational risk through its value chain, the sourcing of some materials or potential low ethical standards from its commercial partners.

From an operational perspective, third parties may oppose some of Alstom’s projects or activities because of their immediate environmental or social impact. This type of issue can lead to delays in projects or their suspension.

Following the vote of the French Law on the Corporate Duty of Vigilance (2017), large French-listed companies are expected to be transparent on the way they manage the risks their activity and supply chain can pose in terms of Human Rights. The Law provides judicial mechanisms to ensure and control the effective implementation of the duty of vigilance. In March 2021, Germany’s cabinet approved a law on due diligence to enforce the protection of human rights and environmental standards along global supply chains. Human rights and environmental due diligence legislation at the EU level is expected for 2021. As a result of this reinforced legislative framework, litigation and reputational risks are likely to increase over the next couple of years.

In this context of increased pressure from civil society, investors and legislators, Alstom’s ability to take human rights into account in its strategy and operations, to control associated risks and report transparently may affect its stakeholders, its operational effectiveness and its reputation.

This chapter illustrates Alstom’s global approach to the identification and mitigation of human right risks resulting from the Group’s activity. The “Sustainable Procurement” strategy from the Procurement Department, described on page 300 completes this approach.

Alstom’s Vigilance Plan is published on pages 315-317 of this Universal Registration Document.

Strategy and policies

Alstom’s human rights policy is part of the Sustainability and CSR policy and is defined in the Group’s Code of Ethics. This Code of Ethics was updated in 2020, and now integrates a series of case studies to make it more accessible for employees.

Alstom’s human rights policy aims to comply with the Guiding Principles on Business and Human Rights set out by the United Nations Human Rights Council and to respect internationally recognised human rights in all countries where Alstom operates. Alstom is particularly respectful of the laws governing, inter alia, human rights and labour, health and safety standards, and the protection of the environment. Alstom’s policy is to comply fully with the fundamental conventions of the International Labour Organisation (ILO). Alstom supports the elimination of all forms of illegal, forced or compulsory labour, including child labour. Illegal, forced or compulsory labour is strictly prohibited for Alstom’s suppliers and subcontractors. Alstom also complies with the Guidelines for multinational enterprises of the OECD and the United Nations Universal Declaration of Human Rights.

Alstom is a member of the United Nations Global Compact (UNGC), promoting the respect of human rights within its sphere of influence. In May 2020, the Group’s Chairman and Chief Executive Officer renewed his commitment to the 10 principles of the United Nations Global Compact (see Alstom’s website www.alstom.com).

Alstom’s objective is to identify risks and prevent serious violations of human rights and fundamental freedom in its activities and supply chain.

Respect for human rights is managed transversely according to the topics addressed. The Human Resources function, Sustainable Procurement, Health and Safety, Sustainable Development and CSR, Ethics and Compliance and the Legal Department are all involved in Human Rights processes. Alstom is aiming to develop a global instruction on Human Rights management within the Group in 2021/22.

Process and action plans

Risk mapping^{VP}

The analysis and prioritisation of human rights related risks were established at different levels:

- a global risk mapping for human rights was done to determine and prioritise human rights that were most likely to be affected by Alstom’s activity. The methodology for this risk mapping exercise is detailed below;
- a risk mapping per country was established by external consultants on the basis of different indexes by international organisations and NGOs such as the United Nations, the International Labour Organisation (ILO), the European Union, the World Bank, International Trade Union Confederation and Transparency International;
- a risk mapping of our suppliers (see chapter “Sustainable Procurement page 300).

The global risk mapping for human rights was established on the basis of the list of Human Rights as presented in Annex A of the UN Guiding Principles Reporting Framework: "Table: Internationally Recognised Human Rights and Examples Of How Business Might Impact Them". The assessment by the transverse working group of the risks posed to Human Rights by each of Alstom's functions and macro-processes then allowed for the prioritisation of these risks in the context of the Group's activity. The risk mapping took into account potential impacts on the following stakeholders: Suppliers, Alstom employees, Temporary workers, Subcontractors, Local communities, and End users. In 2019, the methodology and results for this risk mapping exercise were reviewed by an external consultancy who validated the approach.

This assessment led to the identification of the main risks based on the potential severity and probability of impacts in the fields of Human Rights standards applied by business partners, both in projects where Alstom is involved and those where Alstom is an investor. It addressed the safety of solutions and safety at work; the prevention of discrimination and harassment; social dialogue and the protection of labour rights; supply-chain management; and data protection for Alstom employees and passengers.

The risk mapping, prioritisation of issues and analysis of corresponding procedures will be reviewed in 2021 by the Sustainable Development and Sustainability and CSR Steering Committee, following the acquisition of Bombardier Transport.

Assessment, mitigation and prevention measures, follow-up and monitoring system^{VP}

Following the completion of the Human Rights risk mapping, the existing mitigation measures in place were assessed and additional actions were launched to drive continuous improvement in the following areas.

Reinforcing social audits on Alstom construction activities and high-risk suppliers

Because of the nature of on-site activities and the scale of these projects, Living conditions, Working conditions and Labour and Recruitment practices on construction sites have been identified as priorities and the following actions were developed:

- strengthening internal processes: the assessment of living conditions on construction sites where workers are provided with accommodation is integrated in AZDP audits (see the section "Employees Health and Safety, page 272) and has been deployed since the beginning of the 2019/20 fiscal year in identified high-stakes projects. The evaluation grid was developed in collaboration with operational stakeholders, including human resources representatives and workers. A specific instruction has been developed for its implementation jointly by the Sustainable Development and CSR, Sustainable Procurement and EHS teams. The questionnaire used in the assessment covers such issues as the general level of comfort and cleanliness of the facilities and the existence of communication means and medical care facilities. Non-compliance leads to the implementation of an appropriate action plan by the subcontractor and potentially a reassessment depending on the results. The assessment grid can be adapted in the countries to take into account local standards in terms of worker welfare. Unsatisfactory results are reported to the internal CSR Supplier Risk Committee, which is responsible for taking appropriate measures, up to and including the ending of a business relationship. In total four sites in India were audited over 2020/21. Because of the current pandemic context, several other audits had to be postponed to the next fiscal year, which explains the lower figure;

- launch of a pluriannual external audit programme: Alstom has partnered with external specialists to conduct a pluriannual audit programme with the aim of rolling out additional assessments, benefiting from a global network of local social audit experts and targeting high-risk contractors and suppliers. For this pilot phase, eight audits took place on sites in China, Romania, India, South Africa and Vietnam. The selection of sites to be audited was the result of a process involving Procurement, Quality and CSR & Sustainability teams. The external auditors used both their social audit grid and Alstom additional material to focus on risks most relevant to on-site activities for contractor audits. Themes covered include: Forced labour, Child labour, Health & Safety, Freedom of association, Working hours and Remuneration. All audits were followed by a closing meeting on site which involved the signature of a corrective action plan if required. If critical non-compliances are identified, Alstom provides for the possibility of a follow-up audit. If not, follow-up of the action plan is managed internally.

These two actions come in addition to the assessments mentioned in the "Sustainable Procurement" section (p. 300).

Strengthening the integration of Human Rights risks in the tender process

Railway infrastructure projects can negatively impact their immediate environment and local communities' means of subsistence. As a result, Alstom seeks to identify, and mitigate any adverse social, environmental, and economic impacts of the projects the Group is involved in, and reinforce the positive socioeconomic impact of its activity (for more information on Alstom's contribution to local development, refer to p. 288). To strengthen the Group's capacity to address these risks, a human rights risk scorecard for new tenders and projects was developed taking into account country risk mapping, type of activity and project structure amongst others. The objective is to identify potential risks related to projects and define mitigation measures ahead of bid submissions, including the undertaking of specific Human Rights due diligence assessments when relevant. To this end, the human rights scorecard has been integrated in the Ethics and Compliance assessment process.

Employee awareness and alert procedure

The efficient deployment of Alstom's Human Rights programme also relies on raising employee awareness on this issue. An e-learning module was launched in November 2020 for all staff, but particularly targeted at the Tender, Project Management, and Sustainability & CSR champion teams, and aims to introduce key concepts around human rights. In addition, specific awareness sessions on the Alstom Human Rights Programme were rolled out to site teams in the context of the launch of the external audit programme (see above).

Every year, Alstom conducts a social survey to ensure the absence of any incident regarding child labour, forced labour or freedom of association and monitors human rights alerts reported through its alert procedure. Alerts are recorded and investigated as per alert procedure rules (see page 299).

When potential issues related to the working or living conditions of suppliers or contractors have been brought to Alstom attention through other sources (like NGO contacts, screening etc.), they have been properly investigated through supplier inquiries and site visits.

Since December 2019, a Corporate Social Responsibility (CSR) and Human Rights manager supports the development and deployment of Alstom’s programs and initiatives on human rights.

In the day-to-day management of its activities Alstom strives to strictly comply with its commitments through its policies on Health and Safety (see section on “Employees and contractors health and safety”, page 272), product safety (see section on “Railway Safety and Healthier

Mobility”, page 308), prevention of discrimination and harassment (see section on “Ethics and Compliance”, page 297), social dialogue and protection of labour laws (see section on “Recruitment, engagement and retention”, page 276), supply chain management (see section on “Sustainable procurement”, page 300) and data protection for its employees and passengers (see section on Data privacy, page 326).

Main results and performance indicators^{VP}

	2018/19	2019/20	2020/21
Number of internal on-site social audits of subcontractors	5	9	4
Number of external on-site social audits of subcontractors and suppliers	/	/	8
Number of alerts in the areas of child exploitation, forced labour, freedom of association from alert procedure and social survey leading to internal review ^(*)	0	0	1

(*) Events covered by several notifications are only counted once.

For more information on the incident reported via the Alert Procedure, please refer to page 317 of the Vigilance Plan.

Main results and performance indicators linked to sustainable Procurement are detailed in the “Sustainable Procurement” chapter on page 300.

Customer relationship

Alstom provides public and private transportation services owners and operators mobility solutions all around the world. The Company offers its customers a wide range of products, systems and services, adapted, configured and integrated by Alstom into its customer environment. The potential risk Alstom could face is not being able to establish a relationship of trust with its customers and not being aligned with their expectations, whether they are new customers or historic ones. This could lead Alstom to lose calls for tenders or to not satisfy its ongoing project customers, ultimately leading to a decrease in orders.

Strategy and policies

The first pillar of the strategy Alstom in Motion 2025 is dedicated to its customers: Growth by offering greater value to customers. To be closer to mobility actors, Alstom has a regionalised organisation. This local geographical presence allows for a permanent contact with its customers and to capture their needs locally. These field teams benefit from the know-how of central functions which bring a more transversal vision while offering their technical experience.

In a fast-evolving legal and technological context, the mobility market reflects society evolutions and must be updated permanently. Alstom is structured to match these evolutions.

For example, the Passenger Experience Department, which studies and analyses traveller expectations of today and tomorrow, participates in solution research with the purpose of improving journeys whatever the need of passengers in their local context. The Covid-19 crisis has notably accelerated their concern about healthy environments.

A team dedicated to Healthier Mobility was set up alongside a crisis cell to address clients’ concerns. To support customers in the enforcement of necessary sanitary measures, Alstom’s experts have brought together their key expertise and resources across all technical domains. Based on micro-organism propagation mechanisms and in-depth scientific

know-how, they have built a dedicated Healthier Mobility™ portfolio of preventive innovative hygiene, health and safety solutions. At the same time, the Company has engaged partnerships with internationally recognised actors, such as Bureau Veritas.

In 2020, Alstom reinforced its central commercial direction to optimise its customer relationships, through processes, methods and tools dedicated to sales teams.

Processes and action plans

Integrate customers into innovation processes

Since 2013, Alstom has been running an annual process – called the Marketing Carousel – which aims at adapting solutions to customer needs. Customer needs are collected from regional sales and marketing teams and are consolidated per product line. Then, each product line analyses demands and decides whether to integrate them into its three-year plan, or not. Requirements potentially leading to the development of a new product range are subject to a more detailed analysis with a group of representative customers. Customer needs reported between two Marketing Carousels are analysed on a case-by-case basis.

Innovation also comes from Alstom’s engineering teams. These internal innovation ideas are tested with customers through proof of concepts before deciding to include them in Alstom’s product plans. Examples include the “Coradia™ Lint™” regional hydrogen train. This is the first passenger train worldwide powered by a hydrogen fuel cell, which produces electrical power for traction. This zero-emission train is silent and only emits steam and condensed water. This train operates in commercial service in Germany. The Coradia iLint™, commissioned by Landesnahverkehrsgesellschaft Niedersachsen (LNVG), was honoured with this year’s European Railway Award organised by UNIFE, the European Association of Railway Suppliers, and CER, the Community of European Railway and Infrastructure Companies, to honour outstanding achievements in the development of economically and ecologically sustainable rail transport. Another example is the ETCS (European Train Control System) level 2 baseline 3. This secured and stable technology improves passenger experience, thanks to better reliability. It also permits to increase transport capacity and cost reduction. This solution has been tested and implemented in commercial service in Denmark.

Alstom invests 3.6% of its annual turnover in its Research & Development (R&D) Department. Innovation is at the heart of Alstom's entrepreneurial culture and has led to more than 6,200 patents and the establishment of many key partnerships. The partnership between start-up Cosmotech and Alstom on the Railway System Simulator (RSS) illustrates this: RSS provides operators with a global vision of their railway operations. Thanks to this solution, they can conceive more efficient transport networks and reach superior levels of performance and service quality. In the cybersecurity field, Airbus and Alstom signed a strategic cooperation agreement. To face cyberattack risks, the two transport specialists develop together new vulnerability analysis systems and protection and reaction technologies. In 2021, Alstom also finalised a deal to invest US\$7 million in Cylus, an Israel-based cybersecurity specialist, thus acquiring a minority stake in the Company. The investment will give Alstom one seat on the Board of Cylus. The deal also includes a strategic cooperation agreement to build a commercial partnership allowing the companies to combine their respective strengths and provide best-in-class cybersecurity solutions for the rail market.

Measure customer satisfaction

To support customer satisfaction, Alstom has set up a certified management system in accordance with applicable standards (ISO 9001 – IRIS ISO/TS 22163 and CMMI for Quality, ISO 14001 for Environment, ISO 37001 for Anti-Corruption). Early 2021, Alstom received the ISO 26000 (Corporate Social Responsibility) Label from AFNOR for its activities in France, Italy, Australia and the United Kingdom. This recognition should be progressively extended to other countries of the Group over the next few years. At the same time, risk management is deployed throughout the Company, in accordance with ISO 31000 recommendations.

Since 2013, Alstom has run periodic customer satisfaction surveys (CSS) to measure customer satisfaction on the way projects are executed.

The targeted projects are defined according to contract value and criticality for Alstom and selected each year by regional commercial teams. CSS is under the responsibility of Alstom Customer Directors who sit within the teams of each Region. It is also supported by the Alstom Quality organisation both at Region and Central levels. Answers are analysed in respect to ongoing projects. Actions and appropriate actors are assigned to handle any issue and to inform customer of corrective actions.

Some projects are subject to several surveys, performed at different project phases, and in some cases, after the implementation of corrective actions consequent to a previous survey. This process is an effective element of Alstom continuous improvement. Survey answers are now integrated in the customer relationship management tool to record and track action plans.

The principal measure of a customer's satisfaction is the Net Promoter Score (NPS), i.e. their propensity to recommend Alstom as a supplier. The Group's set objective is to achieve an annual average NPS of eight.

More than one hundred projects are subject to NPS measurement every year. In 2020/21 fiscal year, 165 projects were identified for conduct of the CSS. At the end of the fiscal year, 202 projects had been surveyed, with an average NPS of 8.4.

An NPS inferior to four (over a scale of 10) triggers an alert to the Regional Manager, to the Quality Direction and to the Alstom General Direction. This alert generates an action plan to regain customer satisfaction.

Technical complaints impacting performance or safety are consolidated and analysed by the Alstom Quality Department. The Top 10 resolutions are monitored on a monthly basis by Alstom's general direction.

Staying close to customers

Alstom relies on digital services to provide its customers with support and expertise wherever and whenever needed, even when the contractual relationship has terminated.

The customer portal dedicated to services strengthens Alstom's proximity with its customers simplifying daily exchanges. This unique digital platform serves as a privileged entry point. This online portal (<http://services.transport.alstom.com/>) and its different applications such as Parts Folio (<https://www.partsfolio.transport.alstom.com/PartsOnline/jsp/login.jsp>) save customer time. User-friendly, the portal offers online technical assistance, instant experience share, and components, parts or repair services procurement. Alstom also proposes trainings and customised services linked to the life cycle of products. For example, for fleet management, Alstom offers its customers online documentation, constantly updated and available on mobiles and tablets. In addition, 60 illustrated catalogues provide workshops with the latest information on parts and components while significantly reducing data access costs. Maintenance companies can also benefit from valuable assistance in monitoring and managing obsolescence through a notification system.

Alstom also provides a digital learning ecosystem "i-Learn" which offers technical (hard skills) and behavioural (soft skills) trainings to improve the competitiveness of partner organisations as well as customers. Operational staff, management and/or any designated organisation member can be trained through a variety of teaching methods (face to face sessions, e-learning, on-the-job coaching, augmented reality, virtual reality, driving simulators, etc.); all is accessible by computer, mobile phone or tablet at any time and even without connection. Technical staff who are trained, can learn and improve their knowledge in various scientific different domains covering all rolling stock and railway system topics, driving, maintenance, signalling and train control, infrastructure and depot management. Alstom can deploy its resources, including 100 experimented training consultants, on customer sites and on its transport training centre networks located in Europe, Asia, North and South America.

Main results and performance indicators

	2018/19	2019/20	2020/21	Objective
Average Net Promoter Score (NPS)	8.1	8.2	8.4	8 each year until 2021

Railway Safety and Healthier Mobility™

Introduction

Railway is the first public mode of transportation in terms of number of transported passengers, and the number of passengers using trains, metro, tramway every day keeps increasing. It is important to put the passengers at the heart of the Group's preoccupation in term of health and railway Safety.

Railway safety aiming at preventing accidents can be defined as the ability of the Railway System to operate without leading to injuries or human casualties. This ability is defined as the absence of unacceptable risk⁽¹⁾.

In addition to the impact on human beings (passengers and third parties), the resulting risks for Alstom's activities could be the following:

- worldwide recall of products that are suspected to be unsafe and retrofit of fixes on all products that could be defective;
- the need to stop all or part of operations in the event that a safety issue has occurred or is suspected on a product, system or service provided to a customer by Alstom, with a further risk of penalties or a legal suit from this customer against the Company;
- liquidated damages related to the consequences of an accident on a railway network;
- legal impact with suits under Civil and/or Criminal law against the Company and/or its Employees;
- image damage, impacting the whole Company and its relationships with stakeholders and customers.

The risks related to external threats to the health of passengers have increased in the context of the Covid-19 pandemic.

Healthier Mobility™ is a portfolio of preventive innovative hygiene, health and safety solutions brought together by Alstom's experts that aims to avoid the impact of the pollution or contamination of passengers using the public transport system. This ability is defined by the capacity to adapt, strengthen and to robustify the design of products and solutions considering the new threats that can appear, such as Covid-19.

In addition to the direct impact on the protection of passenger health, promoting healthier mobility aims at restoring or maintaining the confidence that passengers have in public transportation, limiting the possible reduction of traffic in the case of pandemics, hence contributing to the satisfaction of customers that operate railway systems. In addition, as railway is considered as sustainable and green⁽²⁾, it aims at maintaining and reinforcing the Group's contribution to green mobility.

The evolution of Alstom activities in new mobilities with no regulation or standards in place for some mobilities such as autonomous vehicles, results in an increase of the risks.

Strategy and policies

Railway/Product safety is a real concern for the railway industry and a major driver for Alstom's business.

The Alstom Railway Safety policy, updated in March 2021, highlights the strong commitment of Alstom in this area. Indeed, Alstom is committed to develop and deliver, for its clients and their customers, a range of products and services with a high safety level:

- based on railway safety regulations, and internal processes compliant with standards and codes of practices;
- formally demonstrated and assessed with impartiality;
- maintained and continuously improved through return of experience.

The implication of the top management has led to the implementation of a Safety Management System, which is defined in a Railway Safety Manual.

Applicable requirements for Quality and Railway Safety are also included in Alstom's Management System. It is regularly audited and certified following ISO 9001 and ISO/TS 22163 (IRIS) standards.

Regarding Healthier Mobility™, the Alstom strategy is based on four solution domains strengthened by a referential:

- Air Treatment: air conditioning, ambient air; air purification;
- Contact Surfaces: treatment on passenger and driver area;
- Cleaning & Disinfection: chemicals, physicals; processes;
- Contactless & Passenger Flow: passenger behaviours and flow optimisation; distancing devices;
- Alstom verified referential: partnerships, efficiency and qualification of solutions & processing application.

Management and action plans

Railway Safety Processes and actions plan

The Railway Safety policy is deployed through:

- the processes and way of working set in place in the different businesses and deployed in the Regions;
- dedicated annual action plans to enable the continuous improvement of Railway safety.

In addition, Alstom's products, core framework, sub-systems and systems all integrate cybersecurity arrangements and related good practices (see chapter 4 "Risk Factors, Internal Control and Risk Management").

Dedicated railway safety processes exist and cover several needs:

- to ensure that safety is implemented and demonstrated in the systems/products delivered to customers, a systematic process (including safety risk analysis and safety demonstration) is applied. This process is in line with the European Regulation EU402/2013⁽³⁾ and the Railway standards such as EN 50126⁽⁴⁾. On certain projects, specific adaptations can be put in place to meet specific local requirements;
- to maintain safety during the operation and maintenance phase with adequate safety management of maintenance activities when performed by Alstom (Alstom is certified as the Entity in Charge of Maintenance of a project as per regulation⁽⁵⁾ when applicable);
- to report and manage any potential safety issues occurring or having the potential to have an impact on Safety in revenue service, through a specific methodology and company tool.

(1) IEC62278 or EN50126-1: Railway applications – Specification and demonstration of reliability, availability, maintainability and safety (RAMS) – Part 1: Generic RAMS process.

(2) The European Green Deal (COM (2019) 640 final) - New growth strategy that aims to transform the EU into a fair and prosperous society, with a modern, resource-efficient and competitive economy where there are no net emissions of greenhouse gases in 2050 and where economic growth is decoupled from resource use.

(3) Regulation (EU) No. 402/2013 of 30 April 2013 on the common safety method for risk evaluation and assessment.

(4) EN50126: Railway applications – Specification and demonstration of reliability, availability, maintainability and safety (RAMS).

(5) Regulation (EU) 2019/779 of 16 May 2019 laying down detailed provisions on a system of certification of entities in charge of maintenance of vehicles pursuant to Directive (EU) 2016/798 of the European Parliament and of the Council and repealing Commission Regulation (EU) No. 445/2011.

These processes are deployed and followed per activity in all Regions. The safety resources are managed with the appropriate level of independence and are allocated to projects either centrally or in the Regions.

Alstom is constantly improving the efficiency of the management of safety aspects by anticipating the inclusion of safety requirements as early as possible in the project management processes. It is followed through Safety reviews all along the project with an indicator “% of safety reviews OK”.

An annual action plan is defined and managed on a monthly basis by a dedicated Railway Safety Core team. This action plan has five axes:

- reinforcement of the safety process and governance;
- strengthening of product safety (reduce safety issues) through actions on the Group’s way of working in implementing safety on projects and products;
- improvement of the reactivity to safety issues;
- deployment of the safety culture;
- actions of communication and lobbying/networking.

In particular, regarding the deployment of safety culture launched several years ago, an action was launched this year to digitalise the training materials allowing to continue to promote the safety culture whatever the possibility of presence on site and the ability to travel. The four main trainings (for top management, first week for Quality & Safety populations, for Project Management, for new Manager/Engineer/Professional) can now be done either remotely or/and through self-learning.

Main results and performance indicators

Railway Safety is monitored through different indicators including:

	2017	2018	2019	2020	Target
% of Safety review OK (measures the capacity to anticipate safety concerns in projects execution) (*)	60.2%	66.1%	61.7%	78.9%	75% in 2020

(*) Calculated over 12 months. During calendar year 2020, the number of safety reviews performed and registered is 647.

End of 2019, actions were launched and managed through the annual action plan to address the results. End of 2020 the results are in line with the target:

	March 2018	March 2019	March 2020	March 2021	Target
Participation in Railway Safety E-training (% of the targeted population trained)	60%	71.4%	77.3%	93.1%	95% by 2021/22

Thanks to joint action with Human Resources, significant improvements have been observed this year. Targets will be updated following the Bombardier Transportation acquisition.

Healthier Mobility™

This year, the following solutions were developed and proposed to our customers:

- cleaning and disinfection solutions with the development of three disinfection protocols and their commercialisation, for example on StationOne;
- antiviral & antibacterial spray coating lasting 6-12 months;
- antibacterial paints for hand bars;
- enhanced mechanical air filtration and air treatment within HVAC, ensuring maximum inside air renewal;

In the context of the Bombardier Transportation acquisition, an evaluation of both entities’ practices has been launched to identify best practices and update policies, processes, and action plans accordingly.

Healthier Mobility™ actions plan

Alstom has accelerated its momentum into Healthy Mobility™ setting up a working group which brings together the key internal expertise and resources on the technical domains concerned by the pandemic. The activities of the Healthier Mobility™ working group are to:

- build a catalogue of solutions for new build and existing fleets with a short, medium- and long-term perspective;
- engage partnerships with internationally recognised actors such as partnership with Bureau Veritas: virology and health labs, and operators;
- capitalise on worldwide knowledge thanks to enlarged network: operations, maintenance...;
- provide accurate and verified solutions.

The action plan seeks to cover short-, medium- and long-term perspectives:

- short-term actions to protect: Recommend available solutions for immediate support during and after lock-down periods;
- medium-term actions to restore confidence: Validate complementary solutions;
- long-term actions to promote healthier mobility: Develop innovative and sustainable solutions to improve sanitary conditions in rail transportation.

- contactless solutions: Personal Anchoring devices, for example with the “ookit”, consisting of personal handles equipped with robust clips to be fixed on bars, Passenger Access Door Centralised Opening limiting contact of passengers with door buttons; Interior doors infra-red sensors opening;
- passenger flow and density analytics were adapted to support distancing provisions thanks to passenger flow optimisation. Real time occupancy of vehicles supports distancing while maintaining minimum capacity. For example, Alstom Mastria™, a solution from the Alstom Healthier Mobility™ portfolio, has been tried and tested in the Panama metro, with its technology used to ensure that train occupancy never exceeds 40% of maximum capacity, as recommended by the country’s health authorities.

In order to validate and test the scientific effectiveness of its solutions, Alstom has also entered into a major partnership with Bureau Veritas, the world leader in tests, inspection and certification.

Tax evasion

Tax evasion risk can be defined through three aspects:

- a financial risk: risk of tax re-assessment by tax authorities, based on a matter related to tax avoidance, artificial tax scheme or lack of substance. For instance, the risk would materialise if Alstom was in breach of an anti-avoidance rule or tax transparency rule;
- a business risk: for example, aggressive tax behaviour would jeopardise the Company's ability to win new projects, since a significant percentage of Alstom revenue is from direct or indirect government and public sector entities;
- a reputation risk: risk of deterioration of the Group's public image if it was suspected of participating in tax evasion.

Based on this analysis, it is estimated that Alstom's risk regarding tax evasion is low.

Strategy and policies

Alstom is committed to complying with tax laws in a responsible and ethical manner and to have collaborative and transparent relationships with tax authorities. Tax obligations, and therefore tax contributions, are aligned with the commercial and economic activity of Alstom's operations.

Alstom has invested in an internal tax team to manage the Group's tax affairs. The internal tax team is headed by the Chief Tax Officer who reports directly to the Chief Financial Officer of the Group.

The Chief Tax Officer is responsible for ensuring that policies and procedures are in place, maintained and used consistently around the world, and that the global tax team has the skills and experience to implement them. Alstom's tax policy is closely monitored to ensure a consistent application across all territories and is updated on an annual basis or when required.

Processes and action plans

The Chief Tax Officer leads an in-house team of tax analysts who provide advice where required.

Each country where Alstom has got a footprint is under the responsibility of a Regional Tax Director who has the day-to-day responsibility for tax management of the countries in their scope. Monthly risk reviews are undertaken between the central and local teams.

External service providers are used on a selective basis, for example when the Company needs additional resource or expertise.

The Internal Audit team independently monitors and tests Alstom's key financial controls, including those for tax, and reports on their effectiveness to the Audit Committee.

Alstom is highly engaged in determining the correct tax treatment across all its business transactions, to ensure it pays the right amount of tax at the right time, in accordance with the tax laws of the territories in

which the Group operates. Concerning the uncertainty related to the application of tax law, Alstom engages discussion with the relevant tax authority to achieve certainty for Alstom and the tax authority concerned.

Alstom has a low-risk approach to tax and does not engage in artificial tax arrangements.

The Group seeks to conduct transactions between Alstom companies in accordance with the OECD principles. Each year, Alstom files with the French tax Authorities the Country By Country Report, which confirms that the Company does not engage in any artificial tax driven scheme. This document is available to foreign tax Authorities upon request to the French Tax Authorities.

Further to the acquisition of Bombardier Transportation, a new Tax Team organisation has been displayed with an alignment on the Alstom tax organisation model with Regional tax Directors that cover all countries where Alstom has a footprint and a central Tax Team for transverse topics.

Alstom and ex-Bombardier Transportation entities are aligned in terms of Tax governance. Tax wise, entities are managed in the same way by Regional Tax Directors that have a dotted reporting line with Regional/Country Finance Directors. The same deliverables are expected from the Regional Tax Team and Central Tax Functions.

The Central Tax Team has been extended with dedicated resources for compliance, policy harmonisation and tax risks monitoring. It provides a framework for the management of the tax risk in Alstom and ensures a consistent approach to the assessment, documentation and approval of all matters relating to tax risk.

In respect of tax management, the approach outlined in the previous Alstom strategy will continue to apply to the ex-Bombardier Transportation affiliates. Future challenges involve simplifying Board management and governance of legal entities, and reducing the number of layers of companies.

Main results and performance indicators

Over the last years and in the course of Tax audits that were performed worldwide, the authorities have not reported any tax evasion.

For instance, Panama is a country where Alstom operates, and which could still be viewed as a Fiscal Paradise even if it has been removed from the EU and the OECD's lists of uncooperative countries. In this country, Alstom is the leader of the consortium which has been granted with the Panama City metro construction project. For this project, Alstom has set up a business subsidiary in Panama, which employs 193 people.

The United Arab Emirates is also a low-tax country where Alstom operates. In this country, Alstom is leading the consortium that has been granted the "Route 2020" Dubai Metro project: the extension of a metro line as well as the delivery of rolling stock for the "2020 Exhibition", one of the Company's most important projects.

The effective Tax Rate of the Group is around 27%, please refer to Note 8. Taxation on page 65. This figure includes two months of consolidated activity integrating Bombardier Transportation's legacy perimeter.

METHODOLOGY

Introduction

The content of this chapter dedicated to Alstom's Sustainable Development and Corporate Social Responsibility (CSR) has been prepared by the Sustainable Development and CSR central team of Alstom with the collaboration of many support functions such as Procurement, Human Resources, Risk Control, Ethics & Compliance, Environment Health & Safety (EHS), Ecodesign, Innovation, country representatives and Product platforms. The collection and consolidation of all information was the subject of a dedicated process between January and April 2021. The whole chapter has been reviewed by PricewaterhouseCoopers as an independent third party in respect of the order of 19 July 2017 (order No. 2017-1180) and of the Decree No. 2017-1265 of 9 August 2017.

The elements presented cover the activities within Alstom scope as of 1 April 2020 with the exception of the initial section "A proactive policy of Corporate Social Responsibility (CSR)" and other information specifically mentioned. Unless explicitly specified, they do not cover the activities on the legacy perimeter of Bombardier Transportation. This approach was driven by the following elements:

- part of the information disclosed is established on a calendar basis (environmental data, social survey) at end of December 2020 so before the completion of the deal;
- for KPIs traditionally monitored over 12 months, such as Injury Frequency Rate, the integration of two months of data will not provide stakeholders with an accurate vision of the performance of the new Company;
- information and indicators established over a fiscal year calendar, depend for a significant part on Alstom-specific reporting processes and will be progressively deployed on the new perimeter (ex: energy consumption reduction of solutions vs. 2014, CO₂ emissions from Products, product safety, E&C Ambassadors, Top Employer Certification, beneficiaries from social programs);
- globally, insufficient time is allowed to put in place new reporting processes, internal controls mechanism and external verification to secure transparent, reliable disclosure of information.

Reporting principles

All the data reported (indicators) come from different Alstom internal reporting systems, detailed in the respective sub-sections. Indicators considered relevant are defined with reference to the Global Reporting Initiative (GRI). However, some indicators are not yet available on a consolidated basis or have been considered irrelevant for Alstom reporting. In such cases, they are not mentioned or are limited in scope, which is then specified. A synthesis of indicators/key figures is available in a dedicated section at the end of this chapter. It includes information as per the Order of 19 July 2017 (Order No. 2017-1180) transposing Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 on the publication of non-financial information.

This year, cross-reference tables for the Task Force on Climate-related Financial Disclosures and the Sustainability Accounting Standards Board reporting guideline (SASB) have been included (pages 331-332).

Environmental performance and health and safety results

Data covering these topics are gathered within the reporting and consolidation system "Teranga", which is also used for financial reporting purposes.

On the reporting scope, Health and Safety results cover almost 100% of Alstom employees and contractors working for Alstom. As regards the environmental performance, all production sites, all depots operated and managed by Alstom in the case of a contract of five years or more, all permanent offices occupied and managed by Alstom and all permanent sites of more than 200 persons are consolidated in the environmental reporting. Due to different possible configurations and partnerships that could occur in projects, only the waste and environmental performance of temporary construction sites covered by an ISO 14001 certification is recorded. Environmental performance for activities conducted in sites of less than 200 persons on which the utilities are not managed by Alstom is not recorded. The new Indian sites of Kolkata and Saharanpur as well as Gibela in South Africa, Astana in Kazakhstan and Brampton in Canada have been consolidated in reporting in 2020. Environmental results cover 78% of Alstom employees.

Newly acquired activities start to report after a full calendar month of presence in the Group for safety results and after a full calendar quarter of presence for environmental results. The environmental results of newly acquired sites are consolidated after a full calendar year of reporting. Data for the baseline year are then recalculated to take into account the new sites and allow the performance to be measured on a constant scope.

Concerning health and safety reporting, this is done on a monthly basis from around 174 elementary reporting units with 12 basic indicators. On environment, the reporting is done on a quarterly basis from around 81 reporting units with 30 basic indicators. Intensities (energy and water) are calculated based on the hours worked (Alstom employees and contractors) of the units that report on environment. Monthly and quarterly reporting are completed by a yearly reporting campaign with 18 additional indicators.

The definition of indicators is described in a Group document – the EHS reporting manual, which is completed by a reporting procedure. The process is under the responsibility of the EHS Vice President.

Except when specified differently, health and safety data are presented over a fiscal year, *i.e.* from April 2020 to March 2021, while environmental data are consolidated in a calendar year, *i.e.* from January to December 2020.

Social report and actions on local communities

The sources for social reporting indicators are:

- the Alstom Human Resources Information System (HRIS), which is based on the Success Factor software and covers all Alstom facilities;
- a social survey, conducted in 28 countries, on the figures of calendar year 2020 – Algeria, Australia, Belgium, Brazil, Canada, Chile, China, Egypt, France, Germany, India, Israel, Italy, Kazakhstan, Mexico, Morocco, The Netherlands, Panama, Poland, Romania, Saudi Arabia, Singapore, South Africa, Spain, Sweden, United Arab Emirates (UAE), United Kingdom (UK) and United States of America (USA) – representing 97.1% of Alstom's workforce.

HRIS data is presented over the fiscal year, *i.e.* from April 2020 to March 2021, while data from the Social Survey is consolidated over the calendar year, *i.e.* from January to December 2020.

In addition, and in order to illustrate the different sections with examples of initiatives, the following actions are conducted by the Sustainability and CSR central team:

- a collection and summarisation of the local community activities conducted in 37 countries, with the support of the network of CSR Champions and local management teams;
- a collection of information among the Product platforms regarding achievements of the year and ongoing developments;
- a collection of all news related to Sustainability and CSR, published internally through internal communication tools and externally through press releases.

➔ Report by one of the Statutory Auditors, appointed as an independent third party, on the non-financial information statement included in the management report

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended March 31st, 2021

To the Alstom S.A. annual general meeting,

In our capacity as Statutory Auditor of your Alstom S.A. (hereinafter the "entity"), appointed as an independent third party and accredited by Cofrac (accreditation Cofrac Inspection n°3-1060 whose scope is available at www.cofrac.fr), we hereby report to you on the non-financial information statement for the year ended... (hereinafter the "Statement"), included in the management report pursuant to the legal and regulatory provisions of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

THE ENTITY'S RESPONSIBILITY

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement (or which are available online or on request the company's head office.

INDEPENDENCE AND QUALITY CONTROL

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

RESPONSIBILITY OF THE STATUTORY AUDITOR, APPOINTED AS AN INDEPENDENT THIRD PARTY

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

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

However, it is not our responsibility to comment on:

- The entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption and tax evasion legislation;
- The compliance of products and services with the applicable regulations.

NATURE AND SCOPE OF OUR WORK

The work described below was performed in accordance with the provisions of articles A. 225-1 *et seq.* of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, as well as with ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

Our procedures allowed us to assess the compliance of the Statement with regulatory provisions and the fairness of the Information:

- we obtained an understanding of all the consolidated entities' activities, the description of the social and environmental risks associated with their activities and, where applicable, the impact of these activities on compliance with human rights and anti corruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;

6 SUSTAINABLE DEVELOPMENT: CORPORATE SOCIAL RESPONSIBILITY

Report by one of the Statutory Auditors, appointed as an independent third party, on the non-financial information statement included in the management report

- we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III, as well as information set out in the second paragraph of article L. 22-10-36 regarding compliance with human rights and anti corruption and tax evasion legislation;
- we verified that the Statement includes an explanation for the absence of the information required under article L. 225-102-1 III, 2];
- we verified that the Statement presents the business model and the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with its their business relationships and products or services, as well as its their policies, measures and the outcomes thereof, including key performance indicators;
- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R. 225-105 II;
- we assessed the process used to identify and confirm the principal risks;
- we asked what internal control and risk management procedures the entity has put in place;
- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;
- we verified that the Statement covers the scope of consolidation, i.e., all the companies included in the scope of consolidation in accordance with article L. 233-16 within the limitations set out in the Statement;
- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important, we implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
 - substantive tests, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities (Salzgitter, RS & Services, and Stendal in Germany, Nola, Florence and Savigliano in Italy, Gibela, RS & Services, and Ubunye in South Africa, La Rochelle in France, Astana in Kazakhstan, Hornell, Rochester and Grainvalley in the USA, Santa Perpetua, Barcelona and SSI-All projects in Spain) and covers between 24% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

MEANS AND RESOURCES

Our work was carried out by a team of 6 people between October 2020 and April 2021 and took a total of 8 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted some hundred interviews with the people responsible for preparing the Statement, representing Sustainable Development and CSR, Sales, Compliance, Quality, Human Resources, Health and Safety, Environmental and Purchasing departments].

CONCLUSION

Based on our work, nothing has come to our attention that causes us to believe that the non-financial information statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Neuilly-sur-Seine, the 11th of May 2021

One of the Statutory Auditors

PricewaterhouseCoopers Audit

French original signed

Édouard Demarcq

Partner

French original signed

Pascal Baranger

Sustainable Development Director

➤ Additional information for stakeholders

VIGILANCE PLAN^{VP}

In compliance with the French law on the corporate duty of vigilance for parent and instructing companies of 27 March 2017 (Law No. 2017-399 published in the Official Journal on 28 March 2018, referred to in this document as the “duty of vigilance law”), the Company established its first vigilance plan (the “Vigilance Plan”) during the 2017/18 fiscal year. It is updated every year to report on the measures implemented and assess the efficiency of the Group’s actions regarding human rights, health, safety and environmental issues.

As required, the Vigilance Plan targets risks that could have severe adverse impacts. As defined in the United Nations Guiding Principles on Business and Human rights, the severity of adverse impacts is judged by their scale, scope and irremediable character.

Alstom is particularly respectful of the laws governing, inter alia, human rights and labour, health and safety standards, as well as the protection of the environment. Alstom’s policy is to comply fully with the fundamental conventions of the International Labour Organisation (ILO) as specified in the Code of Ethics of the Company. Alstom also complies with the Guidelines for multinational enterprises of the OECD and the United Nations Universal Declaration of Human Rights.

Alstom is a member of the United Nations Global Compact (UNGC), promoting the respect of human rights within its sphere of influence. In May 2020, the Alstom Chairman and CEO renewed the Company’s commitment to the 10 principles of the UNGC (see Alstom website).

Governance and management of Vigilance Plan

The Vigilance Plan was established by a transverse working group composed of members of the following Departments: Human Resources, Environment Health and Safety, Legal, Ethics and Compliance, Procurement, Internal Audit and Risk Management, Governance and Sustainability and CSR.

The deployment of the plan is under supervision of the Sustainability and CSR Steering Committee. The Vigilance Plan is reviewed on an annual basis and necessary updates are made.

Risk mapping process for the Vigilance Plan

At Alstom, a general risk mapping procedure is implemented by the Internal Audit and Risk Management Department, as described in chapter 4 of this document (see page 155). Every year, the risks related to Alstom’s activities, its contractors’ and its suppliers’ are reassessed by the Internal Audit & Risk Management Department.

The Sustainability and Corporate Social Responsibility (CSR) Department is responsible for the analysis of the Group’s extra-financial risks. This risk mapping is reviewed every year by the Sustainability and CSR Steering Committee.

In addition to these two transversal and consolidated risk mapping exercises, the Group’s risk management structure includes sector-specific risk analyses, which aim to facilitate the management of risk programmes:

- the Sustainability and CSR Department proceeds with the mapping and ranking of risks related to Human rights. This risk mapping exercise will be renewed in 2021/22 fiscal year following the acquisition of Bombardier Transport;
- the Procurement Department is responsible for the risk mapping and management processes specific to the value chain and which apply to suppliers and subcontractors. This exercise is renewed on an annual basis;
- the Environment, Health and Safety (EHS) team identifies major risks in terms of Safety at work and the Environment. An environmental risk mapping is established for each site and in the context of ISO 14001 certifications.

Risk management covering the activities of Alstom, contractors and supply-chain

Risk mappings, assessment, mitigation and prevention procedures and monitoring of measures taken are detailed in the chapters on the Extra-Financial Performance Declaration and in the Information published for stakeholders. This information is identified in the chapter by a ^{VP} logo and is summarised in the table below.

The global risk management procedure is described page 155.

	Risk mapping	Regular assessment of the situation	Alert procedure and whistleblowing system	Mitigation and prevention measures	Monitoring system, deployment and impact assessment
Human Rights (p.304)	Risk mapping Prioritisation of issues Country-based risk mapping Analysis of corresponding procedures	Annual review by the Sustainability and CSR Steering Committee	Alert procedure open to any Alstom employee or third party bearing a relationship with Alstom, including for potential Human Rights-related incidents which can also be reported <i>via</i> Alstom's Social Survey	Scorecard established for bid submissions defining mitigation measures Human Rights e-learning module for all Alstom employees	Assessment of the living conditions of subcontractors integrated in the AZDP audit programme (see Health and Safety, page 272) Independent audit program of selected suppliers and subcontractors
Health and Safety (p.272)	Identification of high-risk activities whether executed directly by Alstom or indirectly by a subcontractor Analysis of hazardous chemical substances	Self-assessment of entities and continuous improvement plans Central EHS team for the management of transversal programs	Dedicated app with notification system Alert procedure open to any Alstom employee or third party bearing a relationship with Alstom	Alstom Zero Deviation Plan (AZDP) and its 12 directives Dedicated training course for employees on construction sites Seven training programs, two of which are e-learning programs (EHS Fundamentals and High-Risk Activities)	Three-year centrally-managed audit program Audits on production sites in accordance with APSYS ("Alstom Production SYStem") referential
Environment (p.317)	Risk mapping established on every site	Local management measures Specific follow-up at central level in three areas: 1) Waterborne discharge; 2) Airborne emissions; 3) Historical pollution control EHS organisation managed in the Regions and coordinated centrally	Alert procedure open to any Alstom employee or third party bearing a relationship with Alstom	Deployment of internal standards integrated in Alstom Management System and compliant with ISO 14001 Training, communication and awareness-raising activities for employees	ISO 14001 audit and certification Assessment tools Environmental objectives and periodical result reviews
Risk management covering Alstom's supply chain (p.300)	Annual supplier risk mapping according to three criteria: <ul style="list-style-type: none"> • product family; • supplier's country; • volume of purchases by Alstom 	Annual review of risk mapping Quarterly meetings of the internal suppliers' CSR risk committee	Alert procedure open to any Alstom employee or third party bearing a relationship with Alstom	"Sustainable Procurement Policy" "Ethics and Sustainable Development Charter for Alstom's Suppliers and Contractors" Instruction on "Sustainable sourcing and hazardous substances regulation" integrated in Alstom management system Compulsory training programme for buyers	On-line assessments undertaken by external company, EcoVadis On-site audits: "Quick Industrial Assessment" done by the buyers and "Generic Process Audits" done by quality teams Internal Audit (SMART) of a selected number of procurement managers every year, which includes the CSR management of suppliers' and contractors Online screening tool for subcontractors and suppliers Independent social audit program of selected suppliers and subcontractors

Alert Procedure

Details on the Alstom Alert Procedure is available on page 299.

2020/21 Vigilance Plan Implementation Report

In accordance with Article L. 225-102-4 of the French Commercial Code, the report on the effective implementation of the Vigilance Plan is presented below.

An exceptional context in terms of Health and Safety

The past financial year has been marked by Covid-19 and its impact on all the Company's activity as well as that of its supply chain. The Health and Safety team has been mobilised to promote safe ways of working on site and in offices globally, whilst maintaining business activity.

Strengthening Alstom's Human Rights programme

Several actions were deployed this year to strengthen Alstom's actions in terms of Human Rights:

- An e-learning module was launched in December 2020 for all employees with the aim of raising awareness around the topic of human rights and Alstom's actions to promote these.
- In addition, a pluriannual external social audit programme was launched targeting high-risk contractors and suppliers.
- An internal communication programme around Human Rights started in 2020 and is continued in 2021 with several presentations to the HR community, E&C ambassadors and project teams.
- Following the development of a Human Rights scorecard at bid stage, mitigation plans are being established if a risk is identified. The aim is to strengthen the operational approach to human rights management, awareness of project teams and local partnerships if relevant.
- In 2021/22 fiscal year, Alstom aims to develop a global instruction on the management of human rights at Alstom, building on existing processes and covering the new, enlarged scope.

ENVIRONMENTAL DATA^{VP}

Data presented in this section are based on the same methodology as the Extra-Financial Performance Declaration. Selected environmental data were reviewed by PricewaterhouseCoopers and the report is available on www.alstom.com.

Alstom's environmental management is based on:

- consideration given to environmental issues at all levels of the Company;
- the definition of environmental objectives in the organisation and periodical results reviews at the same frequency and in the same internal Governance Committees as for financial results reviews;
- the implementation of an environmental programme: development and deployment of internal standards, assessment tools, targeted training actions that involve employees, communication and awareness-raising actions;
- an EHS ("Environment, Health & Safety") organisation managed in the Regions and coordinated centrally.

Integration of Bombardier Transportation sites

Alstom commissioned a third party to perform due diligence on 21 Bombardier Transportation's legacy sites along with a document review of other sites to assess potential liabilities. The integration of Bombardier Transportation's legacy entities will require alignment of tools and processes, over an enlarged scope on all the topics covered by the Vigilance Plan with a special focus on the deployment of environmental reporting processes and tools.

Risk management covering Alstom's supply chain

- This year saw the consolidation of the new screening tool for suppliers and subcontractors, launched in September 2019. This tool allows for the Company to check the risks identified for suppliers and subcontractors on ethical, social and environmental issues and comes in addition to existing audit and CSR practices managed by the Responsible Procurement team.
- In FY2020/21 a workgroup was created to focus on the issue of conflict minerals which will be further developed next year.
- An alert was raised *via* the Alert Procedure over the 2020/21 fiscal year regarding human rights concerns at one of Alstom's suppliers. This alert and Alstom's review are detailed below.

Alert (s) raised in 2020/21 fiscal year

One human rights issue was raised *via* the Alert Procedure over the 2020/21 fiscal year. This alert was raised following the publication of a report by the Australian Strategic Policy Institute (ASPI). This report focuses on the potential forced enrolment of Uyghurs in the supply chains of major international companies. One of Alstom's suppliers is mentioned in this report.

Following the publication of the ASPI report, Alstom undertook an in-depth review of potential forced labour issues in the supplier referenced, including internal interviews, document reviews and third-party audits. The review was finalised in September 2020. Based on the scope and methodology of the review, the documentation and information received from the Supplier and external audits organised, no human rights incidents were identified on the plant that supplies Alstom. Alstom will continue to monitor this specific case and assess potential human rights issues in its supply-chains generally.

The Company has set environmental targets for 2025 (compared to 2019 as a baseline year) and defined the scope of its consolidated environmental results as described in the methodology.

The main environmental indicators for monitoring Alstom's progress in achieving its objectives are the following:

- energy consumption related to its activity (intensity) and greenhouse gas emissions (GHG) (see pages 271-272);
- share of recycled and recovered waste;
- water consumption related to its activity (intensity).

In this section, environmental results are presented on a calendar year basis, while ISO 14001 certification results are presented on a fiscal year basis.

Risk mapping^{VP}

In terms of environmental risks, Alstom opts for an environmental management based on continuous improvement as described in the Environmental Management System Manual. The procedures it contains address the management of all the sites, and are also applied to the new sites, lease agreements, or service contracts (or on every existing site when such an assessment has never been done before).

An environmental risk mapping is established for each site. Globally, for all sites, lease agreements or service contracts, the local teams are assessing:

- potential environmental impacts related to the activities such as: release of substances onto/into the ground; release of substances to the water; release of substances to the air; waste resulting from an activity, product or service; waste disposal; and use of resources;
- likelihood of severe damages to the environment.

Assessment, mitigation and prevention measures, follow-up and monitoring system^{VP}

Certification of units

All manufacturing sites and regional centres with more than 200 employees have maintained their ISO 14001 certification this year, which guarantees the implementation of appropriate control measures for the risks identified on each site. Almost 90% of Alstom employees work on certified sites or projects, which means that Alstom is aligned with its target to be 100% ISO 14001 certified by 2025.

Moreover, the requirements of the ISO 14001 standard are integrated in the Alstom Management System and contribute to the environmental performance improvement process of our sites.

Site specific procedures

Within the framework of ISO 14001, control measures of the environmental risk are being implemented at each site level. These measures are established on the results of the risk mapping on each site. An evaluation team is in charge of determining appropriate control measures and identifying the persons responsible for their implementation.

Mitigation and prevention measures

In addition to local management measures, Alstom performs a specific follow-up at central level in three areas likely to generate potentially severe impacts at the Group level.

Waterborne discharge

In 2020, 51% of sites had the obligation to monitor the quantity and the quality of waterborne discharges. The diversity of obligations in terms of nature and limits of the discharges do not allow the consolidation of those figures at Alstom level. Nevertheless, Alstom ensures, through an indicator measuring the regulatory compliance of the waterborne discharges, that regulatory monitoring is done and the authorised thresholds are respected.

Airborne emissions

In 2020, 40% of Alstom’s sites had the obligation to monitor the quantity or the quality of their air emissions. The diversity of obligations in terms of nature and limits of the emissions do not allow those figures to be consolidated at Alstom level. Nevertheless, Alstom ensures, through an indicator measuring the regulatory compliance of the air emissions, that regulatory monitoring is done and the authorised thresholds respected.

Historical pollution control

Alstom’s current and standard activities do not generate soil releases. Nevertheless, some accidental leakage prevention devices are deployed on each site.

On old sites potentially contaminated as a result of past activities, Alstom implements a monitoring and management program and ensures compliance with local regulations. As of 2020, 69 sites are under this management plan.

This five-year plan must be applied on each site. On this basis, the sites conduct surveys in order to assess the environmental and health risks due to contamination in soils and groundwater. They also have an action plan according to the priority level defined for the site (from 1 – immediate risk to 4 – absence of risk). The progress of the plan is monitored centrally. Besides the scope of the duty of vigilance and severe environmental risks, Alstom has also committed to reduce the environmental footprint of its sites as part of its AiM strategy (see the section on Energy performance of operations and greenhouse gas emissions and data mentioned below).

GHG emissions related to business travels – scope 3

(in kilotonnes CO ₂ eq.)	Alstom		
	2018	2019	2020
CO ₂ emissions from air travels ^(*) (scope 3)	24	25	5
CO ₂ emissions from train travels ^(*) (scope 3)	1	1	0.2

Source: Alstom Teranga.

(*) Source: CWT (ALSTOM global business travel agency). The calculation only takes into account the air and train travels followed by CWT. In 2019, CWT updated its methodology by dynamically taking into account the annual evolution of the weighting coefficients used in the guide “GHG DEFRA/DECC conversion factors”. The evolution is specifically linked to the evolution of aircraft energy efficiency. Thus, the data for year N are now presented on the basis of the weighting coefficients for year N-1.

In 2020, business travel was slowed down considerably due to the Covid-19 crisis. Alstom continues to maintain a strict control of air travel, encouraging the use of rail and online meetings wherever possible. In addition, Alstom developed a new report this year allowing travellers to see the annual volume/cost/CO₂ balance of their travels. This tool, based on CWT booking data and its carbon accounting methodology,

covers travel for the 2019 calendar year in order to be representative of Alstom’s travel excluding the effects of the Covid-19 crisis. It was sent to the top 20% of travellers, in order to raise awareness of the carbon impact of travel and help them think about how to reduce their carbon impact on a daily basis.

CO₂ emissions related to logistics – scope 3

Since 2016, Alstom has been assessing the carbon footprint of logistics transport under its control (between its sites; to customers; and a limited part of deliveries from suppliers). The Company has also launched several action plans to reduce CO₂ emissions from all its sites around the world. In this sense, one of the main actions taken is to increase sea shipments using logistics platforms to consolidate shipments. Moreover, the usage of reusable packaging was implemented within several sites and some training sessions to increase the knowledge of its employees were performed.

Due to the Covid-19 crises, several sites and suppliers remained stopped for some months during the 2020/21 fiscal year, which led to increased needs for air shipment to avoid delaying productions sites, especially for projects in India, Singapore and South Africa. This had a significant impact on CO₂ emissions from logistics this year.

CO ₂ emissions related to logistics (in kilotonnes CO ₂ eq.)	2019	2020
Standard Transport (SMC)	18	33
Exceptional Transport	11	7

Source: Alstom/Logistics Department.

Nonetheless, the Alstom global strategy continues to monitor the main CO₂ emissions from logistics flows especially by working closely with major contributors in this area as well as by deepening partnerships with its service providers. For the coming years, the Company aims to reduce the CO₂ impact of its freight transport by anticipating and consolidating shipments appropriately and by improving their coordination and management. For Instance, critical flows are now reviewed every quarter by the sourcing and logistics teams. A new transport data management system was also developed this year to analyse and optimise activity for European standard transportation. Regarding international transportation, Alstom is prioritising the use of rail, sea (or a combination of both) over air freight. The actual loading rate of containers is also optimised by pooling shipments.

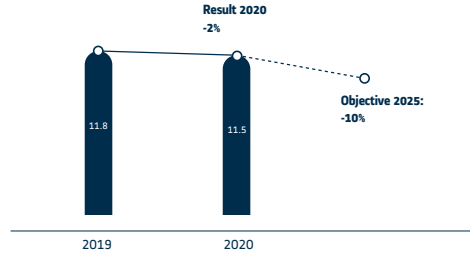
Water consumption

2025 Goal: Reduce water consumption by 10% compared to 2019 as a baseline year.

This indicator is monitored because of the sensitivity of the water resource, particularly in water-stressed regions, and more generally in emerging countries where Alstom is developing its business.

Results: Since 2017, Alstom has decided to monitor water intensity instead of water gross consumption. This monitoring is more relevant, as it is defined by the volume of water consumed related to its activity, which is measured in hours worked (Alstom employees and contractors). Water intensity has decreased compared to 2019 (-2%).

WATER INTENSITY (in l/hour worked)



The figure for 2019 has been revised following the change of methodology and the integration of contractor hours in the hours worked. In addition, changes on the consolidated perimeter have been taken into account, integrating 2019 data for Astana.

Details of water consumption

(in thousands of cubic meter)	2018	2019	2020
Public network	667	654	647
Ground water	116	142	126
Surface water	0	0	0
TOTAL WATER CONSUMPTION	783	796	773

(*) This figure does not take into account the groundwater pumped for geothermal purpose, considering that the water is rejected in the ground without any impact.

Most of the consumption is for domestic use. The Company experienced a slight decrease of its water consumption from groundwater because of the decrease in site activity during the Covid-19 period.

Waste management

2025 Goal: Recovery rate for all waste produced above 90% and recycling rate above 80%.

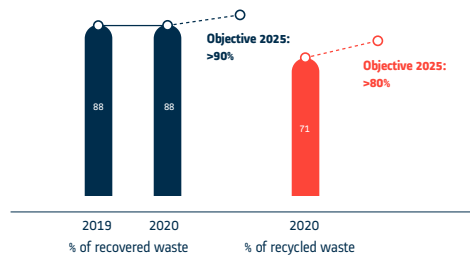
The Company is pursuing its target of waste recovering, particularly in countries where waste recovery is not developed, and has established a new objective from 2020: the recycling rate which focuses on materials recovery and re-use. The target has been set at 70% for 2020 and will then gradually increase up to 80% in 2022.

Results: At the end of 2020, the recovery rate is at 88% in line with the trajectory for 2025.

The recycling rate target has also been achieved since it reached 71% at the end of 2020.

PERCENTAGE OF RECOVERED AND RECYCLED WASTE

The percentage is calculated on the consolidated scope (excluding ISO 14001 projects).



Waste production

<i>(in metric tons)</i>	2018	2019	2020
Hazardous waste	2,994	3,009	2,771
<i>of which ISO 14001 projects</i>	155	128	58
<i>of which recovered</i>	1,685	1,758	1,726
Non-hazardous waste	32,756	31,450	34,077
<i>of which ISO 14001 projects</i>	3,335	3,019	2,228
<i>of which recovered</i>	29,465	28,207	30,235
TOTAL WASTE PRODUCTION	35,750	34,459	36,848
OF WHICH ISO 14001 PROJECTS	3,490	3,147	2,286

Since 2018, waste generated by ISO 14001-certified infrastructure and signalling projects has been integrated into the raw data, increasing overall volumes. Data for 2018 and 2019 do not include the site of Hornell which had high levels of waste due to works.

In 2020/21 fiscal year, Alstom headquarters signed a partnership with Zero Waste France to better manage waste in all its sites and implement actions towards circular economy.

Food waste

The Company's food waste is only related to meals taken in the canteens. Being part of non-hazardous waste, it is not specifically monitored.

Air emissions of non-methane volatile organic compounds (VOC)

VOC are the main air pollutants emitted by Alstom operations. Painting operations are the main source of VOC. By implementing paint substitution initiatives (e.g. replacement of solvent-containing paints by aqueous paints), Alstom has significantly reduced its VOC emissions since 2010. The Company continues to pay particular attention to these emissions with the aim of reducing their intensity.

Detail of non-methane VOC emissions

<i>(in tons)</i>	2018	2019	2020
VOC emissions	175	131	138

VOC emissions are slightly higher compared to last year due to the new consolidated data from Kolkata since 2020. The Company has initiated a strategy to reduce VOC emissions through new paint booth specifications, a greater emphasis on solvent-free paints and investigation of other application systems such as electrostatic robots.

Employee awareness and recognition for best practices

The Group carries out communication and awareness-raising activities for its employees on best environmental practices, in particular as part of its ISO 14001 certification program. These actions are supplemented by mobilisation programs often coupled with those for health and safety.

In 2020/21, the following aspects related to employee awareness and the recognition for best practices should be highlighted:

- Environment Day celebrated on the Indian sites in June 2020 with special attention paid to Covid-19's prevention plans: on that occasion the Bangalore metro project and the Kochi metro project in particular received a certificate from the client in recognition of the project's exemplary conduct during the health crisis;
- a week dedicated to well-being at work took place from 22 to 26 June on many sites. In Greece, the week was organised in an original way based on the five senses, with one being highlighted each day;
- the Villeurbanne site took part in the mobility challenge organised in September by the Auvergne-Rhône-Alpes Region: on that day, nearly 700 people travelled to the site using soft transport.

SOCIAL DATA

Data for this section are based on the same methodology as the Extra-Financial Performance Declaration. Selected social indicators were reviewed by PricewaterhouseCoopers. Their report is available on www.alstom.com.

Group Headcount

Breakdown by region

	At 31 March 2020					At 31 March 2021				
	Africa/ Middle East/ Central Asia	Asia- Pacific	Europe	Americas	Total	Africa/ Middle East/ Central Asia	Asia- Pacific	Europe	Americas	Total
Employees	4,642	6,752	22,501	4,984	38,879	4,376	7,728	23,434	4,940	40,478
% of employees	11.9%	17.4%	57.9%	12.8%	100.0%	10.8%	19.1%	57.9%	12.2%	100.0%
Out of which long-term absentees (LTA)	59	12	464	49	584	51	8	498	60	617

Source: Alstom HRIS. Based on Alstom's legacy perimeter.

	At 31 March 2021 New consolidated perimeter including Bombardier Transportation Legacy					
	Africa/Middle East/ Central Asia	Asia-Pacific	Europe	Americas	Total	
Employees		4,878	11,460	43,121	12,233	71,692
% of employees		6.8%	16.0%	60.1%	17.1%	100.0%
Out of which long-term absentees (LTA)		51	13	1,004	562	1,630

Source: Alstom HRIS. Based on Alstom's new perimeter.

Breakdown by type of contract

	At 31 March 2020				At 31 March 2021			
	Permanent contracts	Fixed-Term contracts	Interns	Total employees	Permanent contracts	Fixed-term contracts	Interns	Total employees
	35,317	2,778	784	38,879	37,000	2,732	746	40,478

Source: Alstom HRIS. Based on Alstom's legacy perimeter.

At 31 March 2021 New consolidated perimeter including Bombardier Transportation Legacy			
Permanent contracts	Fixed-term contracts	Interns	Total employees
67,191	3,404	1,097	71,692

Source: Alstom HRIS. Based on Alstom's new perimeter.

Breakdown by category

At 31 March 2020				At 31 March 2021			
Managers and professionals		Other employees		Managers and professionals		Other employees	
Total	% of total employees	Total	% of total employees	Total	% of total employees	Total	% of total employees
20,791	53.5%	18,088	46.5%	22,176	54.8%	18,302	45.2%

Source: Alstom HRIS. Based on Alstom's legacy perimeter.

At 31 March 2021 New consolidated perimeter including Bombardier Transportation Legacy			
Managers and professionals		Other employees	
Total	% of total employees	Total	% of total employees
35,786	49.9%	35,906	50.1%

Source: Alstom HRIS. Based on Alstom's new perimeter.

Workforce changes during fiscal year

At 31 March 2020						At 31 March 2021					
Hiring on permanent contracts	Hiring on fixed-term contracts	Resignations ⁽¹⁾	Redundancies ⁽¹⁾	Dismissals ⁽¹⁾	Other departures ⁽²⁾	Hiring on permanent contracts	Hiring on fixed-term contracts	Resignations ⁽¹⁾	Redundancies ⁽¹⁾	Dismissals ⁽¹⁾	Other departures ⁽²⁾
5,703	1,990	1,594	140	632	2,353	4,802	1,315	1,434	317	359	1,844

Source: Alstom HRIS. (based on Alstom's legacy perimeter).

Not including acquisitions and disposals.

(1) Calculated on permanent headcount only.

(2) Including retirement and end of Fixed Term Contract (FTC).

Diversity indicators

Breakdown by gender

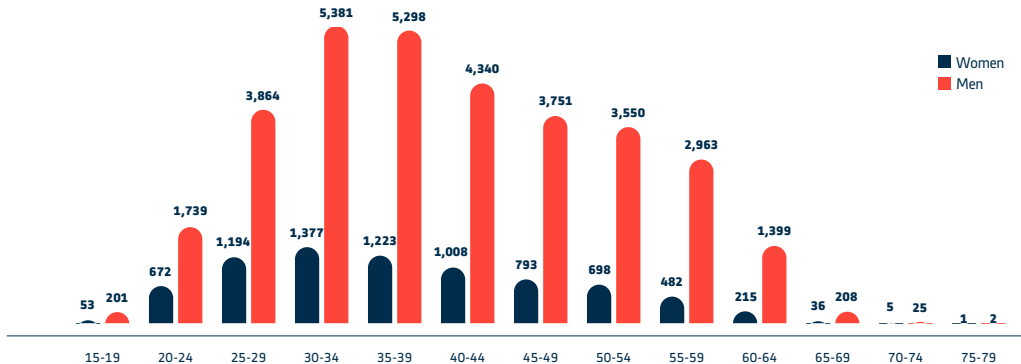
At 31 March 2020				At 31 March 2021			
Men		Women		Men		Women	
Total	% of total employees	Total	% of total employees	Total	% of total employees	Total	% of total employees
31,572	81.2%	7,307	18.8%	32,721	80.8%	7,757	19.2%

Source: Alstom HRIS. Based on Alstom's legacy perimeter.

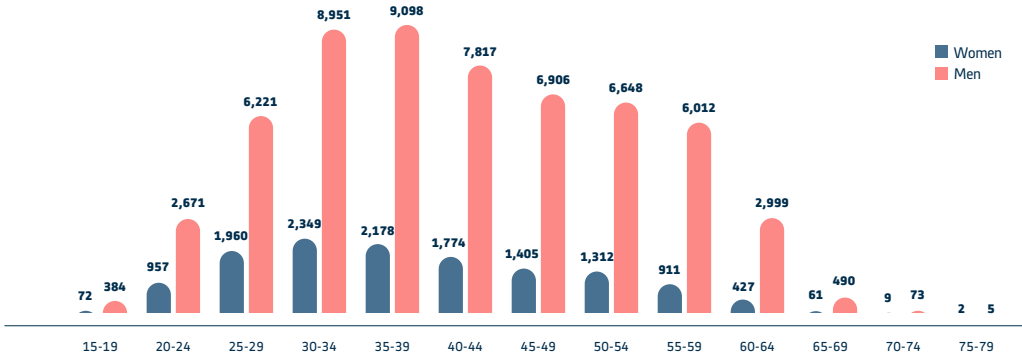
At 31 March 2021 New consolidated perimeter including Bombardier Transportation Legacy			
Men		Women	
Total	% of total employees	Total	% of total employees
58,275	81.3%	13,417	18.7%

Source: Alstom HRIS. Based on Alstom's new perimeter.

Age pyramid by gender as of 31 March 2021

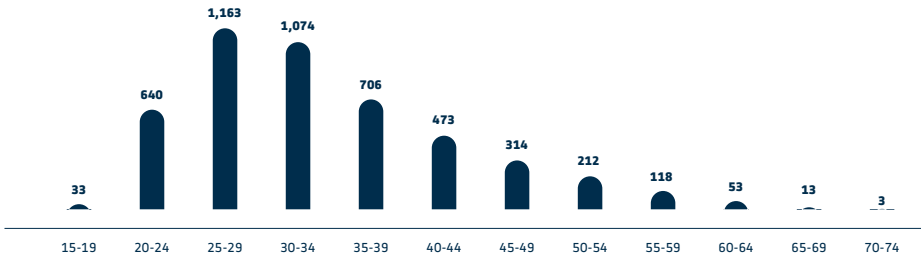


Source: Alstom HRIS. Based on Alstom's legacy perimeter.



Source: Alstom HRIS. Based on Alstom's new perimeter.

Age pyramid of new hires 2020/21 – Permanent contracts



Source: Alstom HRIS. Based on Alstom's legacy perimeter.

Well-being

In the context of the strategic plan AiM (Alstom In Motion), Employee Experience has been placed at the centre of the Human Resources Strategy. Employee well-being at work has been considered as an essential part of Employee Experience. A global well-being at work roadmap has been defined in 2019 with the following objectives:

- reinforcing well-being awareness within the Company via trainings and webinars;
- creating an engaging environment by supporting mental health: the UK and Australia have developed very structured programs;
- improving work-life balance by promoting flexibility at work.

At global level, many actions such as a new well-being at work training for managers, best practices handbook, well-being webinars, well-being e-learning playlist etc. have been initiated to improve employee well-being at work within the Company.

Employee well-being has become more important than ever during the Covid-19 crisis. Since the beginning of the Covid-19-outbreak, Alstom has mobilised various measures to support employees to adapt to the new ways of working (Global Remote Working Tips, virtual coffee with colleagues, adapted onboarding for new hires during lock-down etc.); reinforced the EAP (Employee Assistance Program) in many countries; implemented flexible measures for working parents; shared Well-Being Best Practice Handbook; organised well-being seminars and launched a global well-being training for managers.

Local initiatives launched during the lockdown phases in the countries include:

- Italy: Cycle of Webinars for all employees on Managing elderly fragile people (two webinars: “How elderly people deal with change: advice and strategies”; “Movement difficulties: advice and technologies”) and Psycho-physical-emotional wellness (three webinars: “Mindfulness”; “How to manage emotions”; “How to maintain psycho-physical wellness during smart working”);
- North America: cycle of webinars for all employees on prevent burn our risks connected with new remote work configurations;
- France: supporting parents to help their children improve their French-language skills while schools are closed, by providing a tool, the Voltaire Project, free of charge to the children of employees, making French spelling and grammar accessible to all;
- UK&I promoted the NHS links to MIND and Mental health support, and held webinar training sessions with managers on how to manage mental health issues. Mental health first aiders were active with employees across sites (on-site employees);
- Australia promoted a campaign and nominated Mental Health Ambassadors in connection with the “RUOK” international campaign.

Employee relations

An internal survey (named the Social Survey), conducted in 28 countries and representing 97.1% of Alstom's total headcount, showed that 60.4% of employees are covered by a national or legal entity collective bargaining agreement. The percentage of employees covered by a national or a legal entity collective bargaining agreement is stable compared to last year (60.2%). Alstom maintains an open communication with employees to ensure a positive impact in their working conditions and benefit.

Collective bargaining agreements

Alstom's management and employee representatives work closely together at all levels within Alstom (European, countries, sites...).

The European Works Forum (EWF) meets on a regular basis in various formats:

- three regular Select Committees were held during 2020;
- three regular plenary sessions were held during 2020.

The regular exchanges allow the business situation and its impact on the workforce to be reviewed. Most meetings are focused on Business strategy, Market and Financial updates and the impact on workload, Product and Solutions strategy and Innovation.

On top of those regular select and plenary sessions, extraordinary meetings are organized.

In 2020, 19 extraordinary meetings (among select and plenary sessions) of the EWF took place: 16 of them were dedicated to the acquisition of Bombardier Transportation and three were dedicated to the Covid-19 pandemic. As usual, information was subsequently shared in the different countries.

On top of the above, six additional negotiation meetings took place to discuss and agree on the future set up of the new EWF.

In 2020, 91 agreements were signed in Alstom's most important countries. These agreements were signed either at site, at Country, or legal entity level. Most of them were related to the following topics:

- Management of Covid impacts on our production sites and facilities
- Health, Medical & Retirement;
- Working time & Organisation;
- Work Life balance/Well-being;
- Total Compensation;
- Union's Rights.

One objective of the new agreements or addenda is to continue to provide more benefits/coverage and the harmonisation of Alstom benefits offered at country level. This year many agreements were related to Covid: flexibility agreements regarding working time & organisation, work from home, workload management and implementation of extraordinary EHS measures and devices.

RELATIONS WITH GOVERNMENTS, INTERNATIONAL ORGANISATIONS AND THINK TANKS

Contribution to the public debate on sustainable development policies

Alstom contributes to the public debate around sustainable mobility and rail transport, engaging with governments and international organisations in the development of policies.

The Group is actively involved in the dialogue with governments and international organisations; exchanges regularly with other actors of influence; and participates in some initiatives of which it shares the vision.

In addition, and in line with the proximity strategy appreciated by its customers, Alstom's geographical presence, its industrial presence and its commitment to the territories are major assets to contribute to the public debate with local authorities.

The messages through which Alstom contributes to the policy debate focus on the following:

- the role of open markets and of fair competition to support sustainable growth, across:
 - fair competition and reciprocity of public procurement,
 - consistent application of high international standards for ethics and compliance,
 - protection of intellectual property rights (IPR) as a major driver of innovation and of investment in Research and Deployment (R&D),

- evaluation of requests for proposals for transport systems on the basis of the most economically advantageous tender criteria, taking into account the duration of these investments,
- uniform implementation and mutual recognition of standards and norms between different jurisdictions (certification and approval), in order to reduce cost;
- the need for continued investment in sustainable technologies in the public and private sectors, particularly through:
 - public support and collaboration to accelerate R&D and the demonstration of sustainable technologies and services,
 - public funding for the piloting and demonstration of pre-commercial technologies,
 - implementation of mid- to long-term financial mechanisms to spread on a large scale the solutions of sustainable mobility,
 - necessity of the support of policies aiming to internalise external costs, particularly with regards to a consistent pricing for CO₂,
 - the contribution of international financial institutions to finance the large infrastructure projects in developing countries,
 - the use of innovative financial mechanisms by financial institutions to mobilise private investments, particularly by sharing risks, as well as through governments which support and facilitate their actions;

- the importance of long-term, transparent and stable policy frameworks to support investment in sustainable development, particularly through:
 - the promotion of sustainable transport and zero carbon emission strategies, based on shared, electrical mobility and hydrogen, rather than on individual transport and the use of fossil fuels,
 - the definition of a network of pan-European infrastructures enabling the deployment of rail transportation and zero-emission mobility solutions for all citizens and companies,
 - the definition and the effective application of balanced regulations to support a wide portfolio of low carbon and high efficiency solutions,
 - the increased resilience of transport infrastructure, to address the impacts of climate change.

Participation in organisations and high-level initiatives

Convinced that Sustainable Development goals will only be reached if all relevant stakeholders are actively involved, Alstom participates in several leading organisations.

At international level

- Since 2008, Alstom adheres to the United Nations Global Compact Initiative, which seeks to encourage companies to commit to a set of values such as human rights, the respect for labour conditions, the protection of the environment, and ethics in business. Alstom is actively involved in this initiative and promotes the ten principles that summarise its key values.
- Besides, the Group continues to support UNFCCC forums (United Nations Framework Convention on Climate Change) to show how its technologies support the transition towards a low carbon emissions society despite the COP cancellation.
- Alstom is a member of the “Sustainable Low Carbon Transport Partnership” (SLoCaT) initiative that brings together international players committed to sustainable mobility.
- Alstom is a founding member of the Transport Decarbonisation Alliance, which gathers States, local authorities and industrialists eager to accelerate the transformation of the transport sector into a sector with zero net CO₂ emissions by 2050.
- As a member of the International Union of Public Transport (UITP), Alstom signed its Charter of Sustainable Development.
- Alstom is a founding member of the Hydrogen Council, which gathers 47 companies sharing the same vision on hydrogen as a key driver of the energy transition.
- Finally, Alstom is a member of the Corporate Partnership Board of the International Transport Forum (ITF), an intergovernmental organisation of the OECD, which gathers of Ministers of Transport at a global level.

At regional/local level

- Alstom is a member of the Union of the European Railway Industries (UNIFE) which represents the sector at the European level. It promotes, among other things, the establishment of a single market for European railway equipment through the achievement of the interoperability of the rail networks, as well as the role of rail in the achievement of greenhouse gas reduction objectives at the European Union (EU) level and the objectives of the EU Smart & Sustainable Mobility Strategy. Alstom Chairman and CEO, Henri Poupart-Lafarge, was elected as Chair of the UNIFE Presiding Board in June 2020 for a three-year mandate.
- 2021 is also the European Year of Rail, to which Alstom is committed notably with the participation of Alstom CEO Henri Poupart-Lafarge at the official kick-off.
- The Company contributes to the Platform for Electro-Mobility, a voluntary group of 42 companies, NGO and European sectorial associations, which encourages a wider use of electric vehicles in order to control emissions due to the transport sector.
- Alstom is also a founding member of “Shift2Rail”, the European Union joint undertaking for railway research and a candidate Founding Member to its proposed successor, the institutionalized partnership “Europe’s Rail”. “Europe’s Rail” aims to respond to the evolving transport needs of the European Union, through research and innovation, in order to develop advanced and innovative technologies.
- Alstom is a member of “Hydrogen Europe”, an industrial member association of the joint undertaking “Fuel Cell Hydrogen”, which represents more than 196 companies and national associations, and supports research in the field of hydrogen and fuel cells while promoting this type of energy as being an efficient and clean technology.
- In 2020, Alstom joined the newly launched European Clean Hydrogen Alliance, which brings together under the umbrella of the European Commission companies, national and local public authorities and members of the civil society aiming at an ambitious deployment of hydrogen technologies by 2030. Alstom is in 2021 one of the three co-chairs of its Mobility Roundtable.
- Alstom is a member of several expert groups of the European Commission such as: Sustainable Transport and the Competitiveness of the European Rail Industry.
- The Group also contributes to many local initiatives. For example, in France, Alstom participates in activities of many industrial associations, such as CS2F (*Comité stratégique de la filière ferroviaire*, for which Henri Poupart-Lafarge is the President), MEDEF (*Mouvement des entreprises de France*), France Industrie, AFEP (*Association française des entreprises privées*), Fer de France, FIF (*Fédération des industries ferroviaires*), Conseil national de l’hydrogène, CMDIT (*Conseil ministériel pour le développement et l’innovation dans les transports*) or local authorities associations such as Régions de France, GART (*Groupe des autorités responsables de transport*), etc. This active participation allows the Group to better include the demands of public authorities, strengthen its proposals and anticipate the evolution of regulations.

DATA PRIVACY

Alstom respects the privacy of all individual stakeholders with whom it interacts. Alstom's Code of Ethics and the Alstom Data Privacy Charter provide the fundamental rules of the Company in this regard as well as protection to all employees, business partners and other third parties whose personal data Alstom processes. In addition, Alstom has implemented a data privacy compliance program centred around the three fundamental principles of its approach: Transparency, Proportionality and Necessity. The Alstom website provides an overview of the data privacy compliance program, copies of the corporate policies including the Data Privacy Charter and various data privacy notices covering the categories of individuals whose personal data is processed.

Alstom is fully transparent on all types of personal data collected, why it collects the data and the type of processing it undertakes on it. The Group collects only personal data that requires for its business purposes, primarily legal obligations and legitimate interests, and does not allow any additional further processing of the data. Alstom has a dedicated email address, which is available to all Alstom employees and any third party who have queries about the nature of personal data collected, the type of processing it undertakes and the exercise of their rights under applicable legislation. Employees who breach data privacy rules and internal policies are subject to disciplinary measures in the framework of Alstom's disciplinary policies and the Alstom Disciplinary Committee.

➤ Synthesis of indicators/Key figures 2020/21

Indicators	2019/20 ^(*)	2020/21 ^(*)	GRI 2016 reference	Page
ENVIRONMENTAL INDICATORS				
Energy and CO₂				
Energy consumption from natural gas ⁽¹⁾ (in GWh)	243	221	302.1	271
Energy consumption from butane/propane and other gases ⁽¹⁾ (in GWh)	8	6	302.1	271
Energy consumption from domestic fuel ⁽¹⁾ (in GWh)	6	9	302.1	271
Energy consumption from steam/heat ⁽¹⁾ (in GWh)	42	42	302.1	271
Energy consumption from electricity ⁽¹⁾ (in GWh)	192	191	302.1	271
Energy consumption from coal, heavy fuels and other fuels ⁽¹⁾ (in GWh)	0	0	302.1	271
Total in energy consumption ⁽¹⁾ (in GWh)	491	469	302.1	271
Energy intensity ⁽¹⁾ (in kWh/hours worked)	7.3 ⁽²⁾	7.0	302.3	271
Share of electricity from renewable sources ⁽¹⁾ (in %)	36	60		272
Direct CO ₂ emissions from natural gas, butane, propane, coal and oil consumption ⁽¹⁾ (in kilotonnes CO ₂ eq.) – scope 1	52	49	305.1	272
Indirect CO ₂ emissions from steam, heat and electricity consumption ⁽¹⁾ (in kilotonnes CO ₂ eq.)	66 ⁽²⁾	45	305.2	272
Total CO ₂ emissions related to energy consumption ⁽¹⁾ (in kilotonnes CO ₂ eq.)	118 ⁽²⁾	94		272
Other direct CO ₂ emissions from HFC ⁽¹⁾ (in kilotonnes CO ₂ eq.)	1	1	305.3	272
Company cars CO ₂ emissions from gasoline (in kilotonnes CO ₂ eq.) – scope 1 ⁽¹⁾	1	1	305.1	272
Company cars CO ₂ emissions from diesel oil (in kilotonnes CO ₂ eq.) – scope 1 ⁽¹⁾	4	3	305.1	272
Total CO ₂ emissions from energy consumption and other direct emissions ⁽¹⁾ (in kilotonnes CO ₂ eq.) – scopes 1 and 2	124 ⁽²⁾	99	305.1/2/3	272
CO ₂ emissions from air travels ⁽¹⁾ (in kilotonnes CO ₂ eq.)	25	5	305.3	318
CO ₂ emissions from train travels ⁽¹⁾ (in kilotonnes CO ₂ eq.)	1	0.2	305.3	318
CO ₂ emissions from standard transport of goods ⁽¹⁾ (in kilotonnes CO ₂ eq.)	18	33	305.3	319
CO ₂ emissions from exceptional transport of goods ⁽¹⁾ (in kilotonnes CO ₂ eq.)	11	7	305.3	319
CO ₂ emissions from trains sold for passenger transport (average in gCO ₂ eq. per pass*km)	5.3	4.6	305.3	266
Reduction of solutions energy consumption (in %)	20	21.7		266
Share of newly developed solutions covered by an ecodesigned process (in %)	25	36		270
Natural disasters generating more than €2 million in damages for products and operating losses (in numbers)	1	0		268
Water and releases				
Water consumption from public network ⁽¹⁾ (in thousands of m ³)	654	647	303.1	319
Water consumption pumped from groundwater ⁽¹⁾ (in thousands of m ³)	142	126	303.1	319
Water consumption pumped from surface water ⁽¹⁾ (in thousands of m ³)	0	0	303.1	319
Total water consumption ⁽¹⁾ (in thousands of m ³)	796	773	303.1	319
Water intensity (in l/hour worked)	11.8 ⁽²⁾	11.5		319
Airborne emissions				
Non-methane volatile organic compounds (VOCs) emissions ⁽¹⁾ (in tonnes)	131	138	305.7	320

Indicators	2019/20 ^(*)	2020/21 ^(*)	GRI 2016 reference	Page
Waste management				
Hazardous waste ⁽¹⁾ (in tonnes)	3,009	2,771	306.2	320
Recovered hazardous waste ⁽¹⁾ (in tonnes)	1,758	1,726	306.2	320
Non-hazardous waste ⁽¹⁾ (in tonnes)	31,450	34,077	306.2	320
Recovered non-hazardous waste ⁽¹⁾ (in tonnes)	28,207	30,235	306.2	320
Total waste production ⁽¹⁾ (in tonnes)	34,459	36,848	306.2	320
Percentage of recovered waste ⁽¹⁾ (in %)	88	88	306.2	319
Percentage of recycled waste (in %)	N/A	71	306.2	319
Management system				
Proportion of employees working in sites or projects certified ISO 14001 (in %)	90	90	103	318
SOCIAL INDICATORS				
Occupational Health and Safety				
Number of fatalities at work (Alstom employees and contractors) (in numbers)	0	0	403.9	276
Number of travel fatalities (Alstom employees) (in numbers)	1	0	403.9	276
Number of occupational severe accidents (incl. fatal accidents) (in numbers)	6	0	403.9	276
Lost time injury frequency rate (employees and contractors) – IFR1	1.0	0.9	403.9	276
Total recordable injury rate for employees and contractors TRIR	/	2.2		
Number of Alstom Zero Deviation Plan audits conducted in a fiscal year (in numbers)	48	59		275
Proportion of Alstom employees trained to e-learning module on High Risk Activities ⁽¹⁾ (in %)	77	81.5	403.5	275
Number of recognised occupational diseases for the entire Alstom scope	45	35	403.10	275
Ratio of employees covered by a life insurance in case of accidental death or total and permanent disability ⁽¹⁾ (in %)	97.3	97.6	401.2	284
Ratio of employees covered by a life insurance giving one-year salary in case of accidents ⁽¹⁾ (in %)	88.7	89.9	401.2	284
Workforce and organisation				
Number of countries covered by a Top Employer Certification	6	14		284
Distribution of employees by type of contract (in numbers)				
Permanent contracts (CDI)	35,317	37,000		321
Fixed-term contracts (CDD)	2,778	2,732		321
Interns	784	746		321
Total employees	38,879	40,478	102.7	321
Distribution of employees by region (in %)				
Africa/Middle East/Central Asia	11.9	10.8		321
Asia-Pacific	17.4	19.1		321
Europe	57.9	57.9		321
Americas	12.8	12.2		321
Distribution of employees by category				
Managers and professionals (in %)	53.5	54.8		321
Other employees (in %)	46.5	45.2		321
Employees' movements in a fiscal year				
Hires on permanent contracts (in numbers)	5,703	4,802		322
Hires on fixed-term contract (in numbers)	1,990	1,315		322
Resignations (in numbers)	1,594	1,434		322
Share of resignations (in %)	4.7	4.0		282
Economic redundancies (in numbers)	140	317		322

Indicators	2019/20 ^(*)	2020/21 ^(*)	GRI 2016 reference	Page
Non-economic redundancies (permanent staff)	632	359		322
Other (incl. retirements, excluding disposals and acquisitions) (in numbers)	2,353	1,844		322
Recruitments per Region (permanent contracts) (in %)			401.1	283
Africa/Middle East/Central Asia	14	13		283
Asia-Pacific	29	29		283
Europe	40	44		283
Americas	16	14		283
Resignation rate for employees on permanent contracts by region (in %)			401.1	282
Africa/Middle East/Central Asia	8.9	8.7		282
Asia-Pacific	8.0	7.3		282
Europe	2.8	1.9		282
Americas	5.8	5.1		282
Absenteeism rate⁽¹⁾ (in %)	2.8	3.1		283
Africa/Middle East/Central Asia	2.5	2.8		283
Asia-Pacific	2.0	1.8		283
Europe	3.4	3.8		283
Americas	1.9	2.4		283
Competencies and careers				
Proportion of trained employees ⁽¹⁾ (in %)	90.2	92.3		288
Average training hours per employee ⁽¹⁾ (in hours/employee)	20.1	16.6	404.1	288
Total number of training hours ⁽¹⁾ (in hours)	724,240	621,306	404.1	288
Diversity and equal opportunity (in %)				
Proportion of women in the workforce	18.8	19.2	405.1	283
Proportion of female managers or professionals	21.4	22.3	405.1	283
Proportion of women as senior managers and executives	16.1	16.5	405.1	283
Proportion of women trained ⁽¹⁾	19.3	20.6	405.1	283
Proportion of employees with disabilities ⁽¹⁾ – Alstom	2.5	2.5	405.1	284
Proportion of employees with disabilities ⁽¹⁾ – Europe	4.1	4.0		284
Social dialogue				
Share of employees covered by a national collective agreement or a company agreement ⁽¹⁾ (in %)	60.2	60.4		324
INDICATORS RELATED TO ETHICS AND COMPLIANCE				
Ethics and Compliance ambassadors (in numbers)	323	370		300
Certification ISO 37001 (in % of regions included)	100	100		300
Employees having received an "E&C class" training (in %)	80	80		300
INDICATORS RELATED TO HUMAN RIGHTS				
Number of internal on-site social audits of subcontractors	9	4		306
Number of external on-site social audits of subcontractors and suppliers	/	8		306
Number of alerts in the areas of child exploitation, forced labour, freedom of association from alert procedure and social survey leading to internal review	0	1		306
SOCIETAL INDICATORS				
Product safety				
Safety review OK (measure the ability to anticipate safety issues in project execution) ⁽¹⁾ (in %)	61.7	78.9		309
Ratio of participations to online trainings (in %)	77.3	93.1		309

6 SUSTAINABLE DEVELOPMENT: CORPORATE SOCIAL RESPONSIBILITY

Synthesis of indicators/Key figures 2020/21

Indicators	2019/20 ^(*)	2020/21 ^(*)	GRI 2016 reference	Page
Relationships with customers				
Net Promoter Score (out of 10)	8.2	8.4		307
Relationships with local communities				
Country Community Action Plans implemented <i>(in numbers)</i>	29	37		295
Number of beneficiaries from social programmes <i>(in thousands of people)</i>	129	203		294
Responsible sourcing				
Proportion of purchase amount covered by the referenced suppliers having signed the Ethics and Sustainable Development Charter <i>(in %)</i>	99	99		304
Share of purchase volume from potentially high-risk suppliers covered by online assessments or on-site audits <i>(in %)</i>	85	83		304
Share of total purchase volume covered by online assessments, on-site audits or screening <i>(in %)</i>	60	64	414.2	304
Proportion of sourcing managers who have attended sustainable sourcing trainings <i>(in %)</i>	90	93		304

(1) Indicators reported on the calendar years 2019 and 2020.

(2) Modified scope or methodology.

(*) Figures in red font represent key performance indicators for the Company.

TCFD CROSS-REFERENCE TABLE

The Task Force on Climate-Related Financial Disclosures (TCFD) was created in 2015 to develop consistent climate-related financial risk disclosure. The TCFD published in June 2017 its recommendations on information regarding climate change to be published by companies. Alstom endorsed the TCFD and its recommendations in December 2020.

The cross-reference table below references Alstom's disclosure in response to these recommendations. In addition to information published in the Universal Registration Document, this table also refers to the Group's response to the CDP "Climate Change" questionnaire, accessible on www.cdp.net.

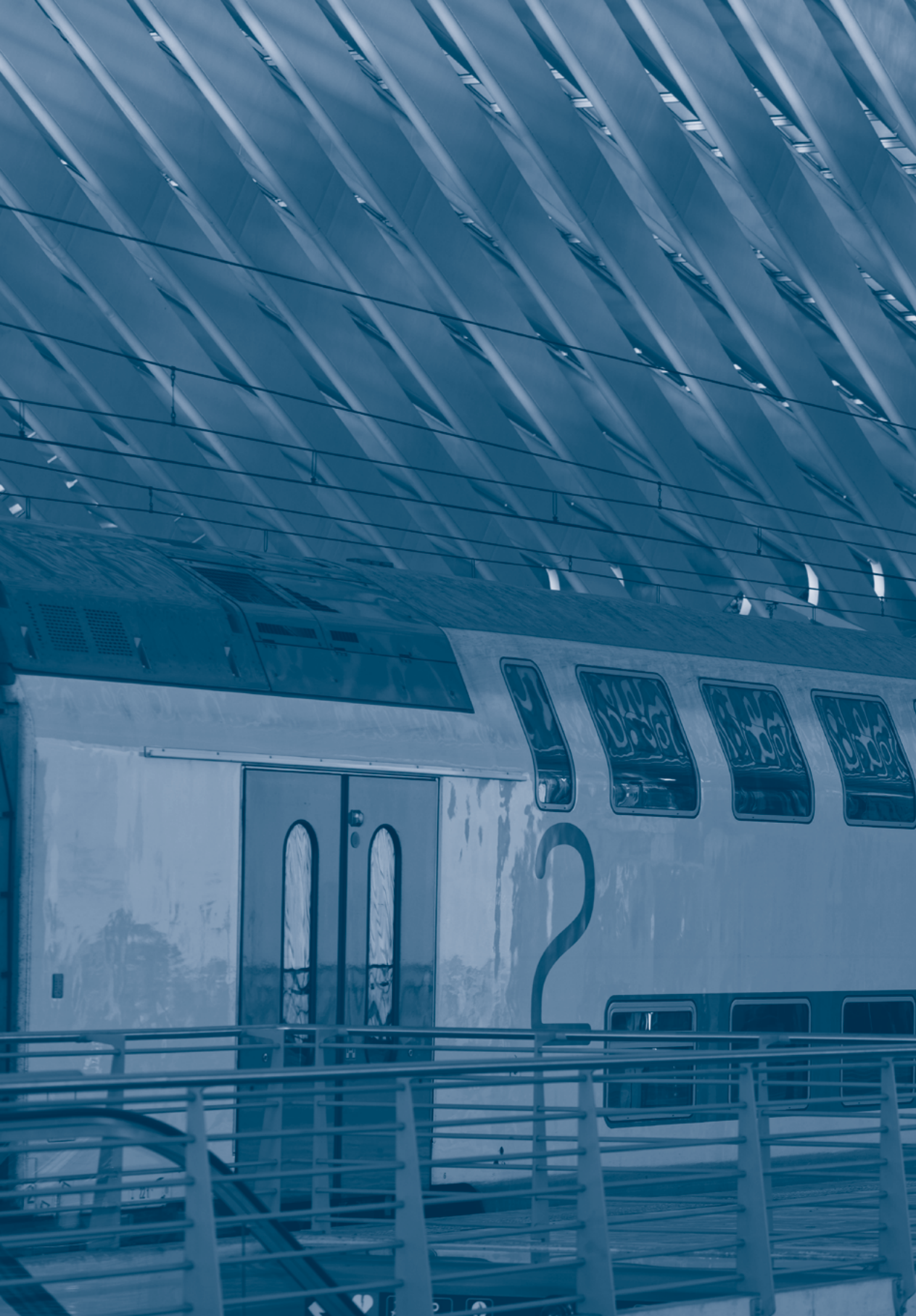
Theme		Recommendations of the TCFD	Alstom disclosure
Governance	Disclose the organisation's governance around climate related risks and opportunities.	<p>a/ Describe the Board's oversight of climate-related risks and opportunities.</p> <p>b/ Describe management's role in assessing and managing climate-related risks and opportunities.</p>	<p>CDP: C1 Chapter 4 (p.175) Chapter 5 (p.206 and 215)</p> <p>CDP: C2 Chapter 6, "Governance and implementation of Alstom's Sustainability and CSR policy" (p.258) Chapter 5, "Compensation of the Leadership Team" (p.240) and "Award of performance shares" (p.230)</p>
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	<p>a/ Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.</p> <p>b/ Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.</p> <p>c/ Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>CDP: C2, C3 Chapter 6, "Enabling the decarbonisation of mobility" (p.262-272) Chapter 6, "Sustainability and CSR strategy and main targets" (p.258)</p> <p>CDP: C2 Chapter 6, "Enabling the decarbonisation of mobility" (p.262-272) Chapter 1, "Sustainable Development" (p.4)</p> <p>CDP: C2, C3 Chapter 6, "Low carbon solutions" (p.262) Chapter 6, "Climate-resilient assets" (p.267)</p>
Risk Management	Disclose how the organisation identifies, assesses and manages climate-related risks.	<p>a/ Describe the organizations processes for identifying and assessing climate-related risks.</p> <p>b/ Describe the organization's processes for managing climate-related risks.</p> <p>c/ Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.</p>	<p>CDP: C2 Chapter 4, "Risk factors, internal control and risk management" (p.156) Chapter 6, "Alstom Sustainability and CSR Risk Mapping" (p.260)</p> <p>CDP: C2 Chapter 6 "Climate resilient assets" (p.267)</p> <p>CDP: C2 Chapter 6, "Climate resilient assets" (p.267) Chapter 4, "Risk factors, Internal Control and Risk Management" (p.156) Chapter 6, "Alstom Sustainability and CSR Risk Mapping" (p.260)</p>
Metrics and targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	<p>a/ Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>b/ Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions and the related risks.</p> <p>c/ Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>	<p>CDP: C4 Chapter 6, "Enabling the decarbonisation of mobility" (p.266, p.268, p.270, p.271)</p> <p>CDP: C6, C7 Chapter 6, "Enabling the decarbonisation of mobility" (p.266 and p.272) and "Environmental data" (p.318-319)</p> <p>CDP: C4 Chapter 5, "Compensation of the Leadership Team" (p.240) and "Award of performance shares" (p.230) Chapter 6, "Enabling the decarbonisation of mobility" (p.262-272) Chapter 6, reference to Science-Based Targets p.263)</p>

SASB REFERENCE TABLE

The Sustainability Accounting Standards Board (SASB) is an independent standards-setting organisation that promotes disclosure of material sustainability information to meet investor needs. This table references the Standard for Industrial Machinery & Goods as defined by SASB's Sustainable Industry Classification System™ (SICS™) and identifies how Alstom addresses each topic.









Topic	SASB code	Metric	Unit of measure	Response/Comment
Accounting Metrics	RT-IG-000.A	Number of units produced by product category	Number	Data on sales is provided in Alstom's Annual Report to shareholders on p.35
	RT-IG-000.B	Number of Employees	Number	More than 40,000 on Alstom historical perimeter More than 71,500 on Alstom's new perimeter
Energy Management	RT-IG-130a.1	(1) total energy consumed	Gigawatthour ^(*)	469
		(2) percentage grid electricity	%	Electricity consumed on sites represent 41% of total energy consumption
		(3) percentage renewable	%	60
Employee Health and Safety	RT-IG-320a.1	(1) total recordable incident rate (TRIR)	Rate	2.2
		(2) fatality rate	Number	0
		(3) near miss frequency rate (NMFR)	Rate	Alstom emphasizes the importance of reviewing all work-related environmental, health and safety incidents, including near misses. Near misses are managed at site level
Fuel Economy & Emissions in Use-Phase	RT-IG-410a.1	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	Gallons per 1,000 ton-miles	Not Applicable
	RT-IG-410a.2	Sales-weighted fuel efficiency for non-road equipment	l/km ^(*)	2.3 l/km on a weighted average basis for hybrid and bi-mode locomotives and diesel and bi-mode regional trains
	RT-IG-410a.3	Sales-weighted fuel efficiency for stationary generators	Watts per hour	Not applicable
	RT-IG-410a.4	Sales-weighted emissions of: (1) nitrogen oxides (NOx) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines, and (d) other non-road diesel engines	Grams per kilowatt-hour	(1) 1,88 g/kwh for nitrogen oxides (NOx) (2) 0,02 g/kwh for particulate matter (PM) N.B only (b) locomotive diesel engines and (d) other non-road diesel engines are produced. These indicators cover hybrid and bi-mode locomotives and diesel and bi-mode regional trains
Materials Sourcing	RT-IG-440a.1	Description of the management of risks associated with the use of critical materials	N/A	See section on "Ecodesign and Circular Economy" p.268
Remanufacturing Design & Services	RT-IG-440b.1	Revenue from remanufactured products and remanufacturing services	Reporting currency	Annual revenues from remanufacturing can significantly vary depending on number and status of on-going projects. They are included in Services revenues see p.22


(*) Different unit of measure to SASB standard



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ADDITIONAL INFORMATION

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 The Content of the Annual Financial Report is identified in the summary table with the help of this pictogram.

➤ Information on the Group and the parent company

BACKGROUND

The Group was created in 1989 by The General Electric Company plc ("GEC") and Alcatel, its 50-50 shareholders, with the aim of consolidating within a single group, businesses that had up to then been operated by certain of their respective subsidiaries. The joint venture was a holding company incorporated under Dutch law, GEC ALSTHOM NV. This venture, which was carried out during a time of consolidation in the energy sector, sought to benefit from complementarities in Alcatel's and GEC's respective products and markets.

At the end of 1997, the Company was listed on the Paris, New York and London Stock Exchanges and Paris was chosen as the main listing exchange and all the activities that had until then been carried out by GEC ALSTHOM NV were transferred to a French public limited company (*société anonyme*) named Alstom (previously Jotelec).

Since that date, the Group's scope of activities has changed significantly.

One significant transaction was the acquisition of ABB's power generation activities in two phases: first, the formation of a joint venture in July 1999, followed by the Alstom's purchase of ABB's stake in the joint venture in May 2000. In parallel, the Group re-focused on its core business, notably by selling its Contracting activities in July 2001.

Then the Group sold its Transmission & Distribution and Marine Sectors in 2004 and 2006, respectively. In June 2010, Alstom acquired AREVA's Transmission activities, becoming the Group's Grid Sector.

Until 2014, the Group's operational activities were organised around four Sectors: Thermal Power, Renewable Power, Grid and Transport.

On 4 November 2014, Alstom's Board of Directors approved the execution of an agreement with General Electric to sell Alstom's Energy businesses, namely Power and Grid, as well as Alstom's shared and central services. This transaction was accompanied by Alstom's reinvestment of some of the sale proceeds in three joint ventures with General Electric in nuclear, grid and renewable fields, (joint ventures on which Alstom had a put option which it exercised in October 2018). In parallel and on its side, Alstom also acquired General Electric's Signalling business and entered into a global alliance in the rail sector.

The transaction was completed on 2 November 2015 after finalising the carve-out transactions relating to the Energy and Transport businesses and obtaining antitrust and regulatory authorisations.

Since that date, Alstom activities are focused on transport business and mobility more generally.

On 29 January 2021, Alstom acquired the entities of the Bombardier Inc. group's transport division (Bombardier Transportation).

IDENTITY OF THE COMPANY

LEI

96950032TUYMW11FB530

Company name and registered office

Alstom

48, rue Albert-Dhalenne, 93400 Saint-Ouen-sur-Seine, France

Tel.: + 33 1 57 06 90 00

Legal form

French limited company (*société anonyme*) with a Board of Directors, governed in particular by the French Commercial Code.

Term

Alstom was formed on 17 November 1992 as a limited company (*société anonyme*) named "Jotelec". The Company's term will expire on 17 November 2091, unless the Company is dissolved early or its term is extended.

Registration number

389 058 447 RCS Bobigny.

Code APE

6619 A.

SPECIAL PROVISIONS OF THE ARTICLES OF ASSOCIATION

Company object

(Article 3 of the Articles of Association)

The objects of the Company are, directly or indirectly:

- the conduct of all industrial, commercial, shipping, financial, real property and asset transactions in France and abroad, notably in the following fields:
 - energy,
 - transmission and distribution of energy,
 - transport,
 - industrial equipment,
 - naval construction and repair work,
 - engineering and consultancy, design and/or production studies and general contracting associated with public or private works and construction, and

- more generally activities related or incidental to the above;
- participation, by every means, directly or indirectly, in any operations which may be associated with its objects, by the creation of new companies, capital contributions, subscription or purchase of stocks or rights, merger with such companies or otherwise; the creation, acquisition, lease or takeover of business goodwill or businesses; the adoption, acquisition, operation or sale of any processes and patents concerning such activities; and
- generally undertaking all industrial, commercial, financial and civil operations and real property and asset transactions that may be directly or indirectly associated with the Company's objects or with any similar or related object.

Furthermore, the Company can take an interest, of whatever form, in any French or foreign business or organisation.

Fiscal year

(Article 19 of the Articles of Association)

The fiscal year starts on 1 April and ends on 31 March of each year.

Shareholders' Meetings

(Article 15 of the Articles of Association)

Convening and proceedings – Agenda

Ordinary and Extraordinary General Meetings, satisfying the legal conditions for quorum and majority voting, exercise the powers respectively attributed to them by the law.

They are convened in accordance with the rules and the terms laid down by law.

Meetings are held at the registered office of the Company or at any other place determined by the Board, either within the "département" in which the registered office is located or in any other French territory. The agenda of the meeting is drawn up by the Board of Directors if the Board has called the meeting and, if not, by the person calling the meeting.

However, one or more shareholders satisfying the conditions laid down by law may request the inclusion of draft resolutions on the agenda.

Questions not appearing on the agenda may not be considered.

Admission and representation

Ordinary and Extraordinary General Meetings are made up of all shareholders without distinction who are admitted and may be represented under the conditions provided for by applicable regulations; provided, however, that the Company allows shareholders to vote electronically by correspondence and that the Board of Directors can also organise, under the conditions contemplated by law, shareholder participation and voting at General Meetings via videoconference or any means of telecommunication that allow the shareholders to be identified.

In addition, under the conditions provided for by law, the Board of Directors may organise shareholder participation and voting at General Meetings via videoconference or by any means of telecommunication that makes it possible to identify the shareholders. This decision by the Board of Directors (as the case may be) is communicated in the meeting and/or convening notice. Shareholders participating in Shareholders' Meetings by videoconference or by these other means are deemed to be present for the purpose of calculating quorum and majority.

Voting rights

Each member of the meeting is entitled to as many votes as the number of shares which he holds or represents.

At all Ordinary, Extraordinary or Special General Meetings, the voting right on shares shall, in cases where such shares are subject to usufruct, be exercisable by the usufructuary.

By decision of the 29 October 2020 Special Meeting of holders of shares carrying double voting rights and of the Combined General Meeting held on the same date, article 15.3 of the Company's Articles of Association was amended to provide that, as an exception to the provisions of the last paragraph of article L. 225-123 of the French Commercial Code (which paragraph has since become article L. 22-10-46 of the French Commercial Code), no double voting rights are attached to the shares.

This amendment to the Articles of Association came into force on 29 January 2021, the date the Bombardier Transportation acquisition was completed.

Double voting rights no longer exist since that date.

In addition, amendments to the Articles of Association will be submitted to a vote of the July 2021 General Meeting for the purpose of deleting from the Articles of Association all provisions relating to preferred shares, the terms and conditions of which are set forth in annex 1 of the Articles of Association (the "Category B Preferred Shares").

These provisions had been approved by the 29 October 2020 Combined General Meeting in the context of the acquisition of Bombardier Transportation and were included in the Articles of Association at the end of such meeting.

The amendments to the Articles of Association submitted to the July 2021 General Meeting (which will take effect as of the same date) will result in:

- the deletion of annex 1 from the Articles of Association and of all references made in the Articles of Association to that annex;
- the deletion of articles (or portions of articles) in the Articles of Association relating to Category B Preferred Shares (including all references in the Articles of Association to the Category B Preferred Shares); and
- correspondingly, the deletion of all references in the Articles of Association to "Ordinary Shares" and the replacement of the words "Ordinary Shares" at each occurrence with the word "Shares".

Notification of holdings exceeding certain percentages

(Article 7 of the Articles of Association)

In addition to the legal obligation to notify the Company of certain shareholding levels or voting rights, any individual or legal entity who holds directly or indirectly, alone or in concert pursuant to articles L. 233-10 *et seq.* of the French Commercial Code a number of shares in the Company giving a shareholding equal to or in excess of 0.5% of the total number of shares or voting rights issued must notify the Company by recorded letter with proof of receipt within five trading days of this threshold being exceeded. Notification is to be repeated under the same conditions whenever a new threshold of a multiple of 0.5% of the total number of shares or voting rights is exceeded, up to and including the threshold of 50%.

To determine these thresholds, shares equivalent to the shares owned as defined by the legislative and regulatory provisions of article L. 233-7 *et seq.* of the French Commercial Code, will be taken into account.

In each of the above-mentioned notifications, the declaring person must certify that the notification includes all stock held or owned in the sense of the preceding paragraph. Such notification must also state: the declarer's identity as well as that of individuals or legal entities acting in concert with him, the total number of shares or voting rights that he holds directly or indirectly, alone or in concert, the date and the source of crossing the threshold and, where applicable, the information mentioned in the third paragraph I of article L. 233-7 of the French Commercial Code.

Any shareholder whose participation in the shareholding or in voting rights falls below one of the above-mentioned thresholds is also required to notify the Company within the same length of time of five trading days and by the same means.

In the event of non-observance of the above provisions and in accordance with the conditions and levels established by law, a shareholder shall lose the voting rights relating to the shares in excess of the thresholds which should have been notified, if one or more shareholders holding at least 3% of the share capital or voting rights so requires.

Identification of holders of bearer shares (Article 7 of the Articles of Association)

The Company may, under the conditions laid down by the law from time to time, request any officially authorised organisation or intermediary to pass on all information concerning its shareholders or holders of its stock conferring an immediate or subsequent right to vote, their identity and the number of shares that they hold.

Appropriation of income (Article 21 of the Articles of Association)

The profits for the fiscal year consist of the revenues relating to the preceding fiscal year, less overheads and other Company expenditure including provisions and depreciation allowances.

DOCUMENTS ACCESSIBLE TO THE PUBLIC

The legal documents relating to the Company and the Group that must be made available to shareholders according to applicable law may be consulted at the Company's registered office. Some of them, including the Articles of Association, are available on the Group's website

ACTIVITY OF THE PARENT COMPANY

Alstom is the holding company of the Group, and only holds the shares of the company Alstom Holdings. Alstom centralises a very large share of the Group's external financing and advances the funds thus obtained to its subsidiary Alstom Holdings through loan agreements and a current

INTELLECTUAL PROPERTY

The Group owns or benefits from licenses allowing it to use of various trademarks, patents and other intellectual property rights. All these rights contribute to the smooth running of the business. However, as of the date hereof, no single license is materially important to the Group's activities.

REAL PROPERTY

Within the framework of its activities, the Group possesses real estate over which it holds various types of rights. The Group has full ownership of most of its main industrial sites.

The Group set up a leasing strategy for its office buildings, which is notably the case with the Group's headquarters.

At least 5% is set aside from the profits, less any previous losses, if appropriate, to form the legal reserve fund. This provision ceases to be mandatory once the value of the fund reaches one-tenth of the share capital.

The remainder (less the above deductions) of the retained earnings and withdrawals from the reserves which the General Meeting has at its disposal shall, if the General Meeting so desires, be distributed among the shares, once the sums carried forward by the said meeting or transferred by it to one or more reserve funds have been deducted.

After the General Meeting has approved the accounts, any losses are carried forward to be charged against the profits of subsequent financial years until they are cancelled out.

Each shareholder may be granted, at the General Meeting, for all or part of the dividend or interim dividend to be distributed, an option to be paid the dividend or interim dividends in cash or in shares of the Company, under the current legal and regulatory conditions.

The Articles of Association do not contain any provision which may delay, postpone or prevent a change of control.

(<http://www.alstom.com/>), in particular in the "Investors" sections, pursuant to article L. 451-1-2 of the French Monetary and Financial Code. The Group's Annual Reports for the last ten fiscal years are also available on the website.

account. Fees from its indirect subsidiaries for the use of the Alstom name make up Alstom's other source of revenues. For more information, see "Financial information – Statutory accounts – Comments on the statutory accounts".

The gross value of land and buildings fully owned at 31 March 2021 amounted to €2,181 million. The related depreciation amounted to €993 million. These amounts include neither operating leases nor rights of use leased buildings and lands.

The Group's tangible assets are subject to costs for general maintenance and repairs required for their proper operation, and meeting legal and quality standards, including with respect to environmental, health and safety matters.

MAIN SITES (LIST NOT EXHAUSTIVE)

Site references followed by an asterisk are held under lease.

Country	Site
Algeria	Algiers*
Australia	Ballarat Dandenong* Sydney*
Austria	Vienna*
Belgium	Bruges Charleroi
Brazil	Taubate
Canada	Kingston La Pocatière Sorel-Tracy* St-Bruno* Thunder Bay Toronto – Brampton*
Czech Republic	Ceska Lipa
Egypt	Cairo*
France	Aix-en-Provence Aytré – La Rochelle Belfort Crespin Le Creusot Ornans Petit-Quevilly* Reichshoffen Saint-Ouen-sur-Seine* Tarbes Valenciennes Villeurbanne* Vitrolles
Germany	Braunschweig* Bautzen Görlitz Hennigsdorf Kassel* Mannheim Salzgitter Siegen
Hungary	Matranovak
India	Bangalore* Chennai – SriCity Coimbatore* Madhepura Savli-Baroda

7 ADDITIONAL INFORMATION

Information on the Group and the parent company

Country	Site
Italy	Bologna*
	Florence*
	Lecco*
	Nola
	Savigliano
	Sesto
	Vado Ligure
Kazakhstan	Nur Sultan
Mexico	Mexico City*
	Sahagun
Morocco	Fez*
Netherlands	Ridderkerk*
	Utrecht*
Poland	Katowice
	Wroclaw
Singapore	Singapore*
South Africa	Johannesburg (Gibela)
	Johannesburg (Ubunye)
Spain	Barcelona – Santa Perpetua
	Madrid*
	Trapagaran
Switzerland	Villeneuve
Sweden	Motala*
	Vaesteras
Thailand	Bangkok
Turkey	Istanbul*
United Kingdom	Crew
	Derby
	Manchester*
	Radlett*
	Widnes
USA	Auburn (NY)
	Grain Valley (MI)
	Hornell (NY)*
	Melbourne (FL)*
	Pittsburgh (PA)
	Plattsburg (NY)
	Rochester (NY)*
Warrensburg (MI)	

AGREEMENTS BETWEEN EXECUTIVE OFFICERS OR MAJOR SHAREHOLDERS OF THE COMPANY AND A COMPANY CONTROLLED BY THE COMPANY

(Disclosure pursuant to article L. 225-37-4 of the French Commercial Code)

None.

MATERIAL CONTRACTS

The main acquisitions, disposals, partnerships, joint ventures and changes in scope of consolidation are identified in Chapter 2 “Main events of year ended 31 March 2021” of this Universal Registration Document.

DETAILS OF SHAREHOLDINGS ACQUIRED DURING FISCAL YEAR 2020/21

(Disclosure pursuant to article L. 233-6 of the French Commercial Code)

The following acquisitions of equity stakes took place within Alstom’s scope of consolidation at 31 March 2021, in addition to ALSTOM Holding’s 29 January 2021 acquisition of the companies making up Bombardier Inc.’s transport division:

- ALSTOM IBRE (formerly named IBRE) was acquired by ALSTOM Holdings on 30 June 2020, which now holds 100% of that company’s share capital;
- ALSTOM Percy was formed on 25 January 2021 and is fully owned by ALSTOM Holdings.

SIGNIFICANT CHANGE IN THE FINANCIAL OR TRADING SITUATION

To the Company’s knowledge and as of the date of this Universal Registration Document, and except the events indicated in Note 36 to the consolidated financial statements, no significant change in the Group’s financial or trading situation has occurred since 31 March 2021, the closing date of the latest published statutory and consolidated financial statements.

FINANCIAL RATINGS

Alstom is rated by Moody’s Investors Services ratings agency since May 2008. On 23 September 2016, Alstom requested Standard & Poors to withdraw all of its ratings of the Group and to cease rating it.

Agency	May 2021	May 2020	May 2019
Moody’s Investors Service (*)			
Short-term rating	P-2	P-2	P-2
Long-term rating	Baa2 (stable outlook)	Baa2 (stable outlook)	Baa2 (stable outlook)

(*) Moody’s Investors Service revised the long-term credit rating from Baa3 to Baa2 (stable outlook) on 10 June 2016. Outlook was changed to positive on 4 September 2019 and back to stable on 19 February 2020.

LEGAL PROCEEDINGS AND ARBITRATION

The reader is invited to refer to the Note 33 of the consolidated financial statements as of 31 March 2021 for a description of the main Group’s legal proceedings. With the exception of the proceedings and litigations described in this Universal Registration Document, there are no other governmental, legal or arbitration procedures, including proceedings of which the Group is aware and which are pending or threatening, which might have, or have had during the last twelve months, a significant impact on the financial situation or profitability of the Group.

Information on the share capital

On 7 July 2008, following the decision of the Combined General Meeting of 24 June 2008 in its 16th resolution, the nominal value of the Company's shares was split in half, *i.e.* from €14 to €7. Each share of a nominal value of €14 which made up the share capital on the splitting date was automatically exchanged for two shares of a nominal value of €7 per share and entitled to the same rights as the former shares.

Since 29 January 2021, no double voting rights are attached to Alstom's shares.

At 31 March 2021, the Company's share capital amounted to €2,598,412,551 divided into 371,201,793 shares of a nominal amount of €7 per share, each of the same category and fully paid up, subsequent to the transactions carried out in the 2020/21 fiscal year (which are detailed in the table included in the "Changes in share capital" section below).

At 31 March 2021, there were 371,201,793 voting rights.

As indicated above, amendments to the Articles of Association will be submitted to a vote of the July 2021 General Meeting for the purpose of deleting from the Articles of Association all provisions relating to preferred shares (the terms and conditions of which are set forth in annex 1 of the Articles of Association) (the "Category B Preferred Shares").

These provisions had been approved by the 29 October 2020 Combined General Meeting in the context of the acquisition of Bombardier Transportation and were included in the Articles of Association at the end of such meeting.

The amendments to the Articles of Association submitted to the July 2021 General Meeting (which will take effect as of the same date) will result in:

- the deletion of annex 1 from the Articles of Association and of all references made in the Articles of Association to that annex;
- the deletion of articles (or portions of articles) in the Articles of Association relating to Category B Preferred Shares (including all references in the Articles of Association to the Category B Preferred Shares); and
- correspondingly, the deletion of all references to "Ordinary Shares" in the Articles of Association and the replacement of the words "Ordinary Shares" at each occurrence with the word "Shares".

At the date hereof, the Company is not aware of pledges recorded over its securities or those of its significant subsidiaries.

FINANCIAL AUTHORISATIONS

(Disclosure pursuant to article L. 225-37-4 of the French Commercial Code)

The table below summarises the financial authorisations that are in force as 10 May 2021 and their use during fiscal year:

Nature of the authorisation	Maximum nominal amount authorised	Nominal amount used during the last fiscal year	Available amount	Expiration of the authorisation/ Term
ISSUES OF EQUITY SECURITIES				
Delegation of competence to issue shares and securities granting access to the share capital with preferential subscription rights maintained and/ or by capitalisation of reserves (only available for use outside public offering periods) (Combined General Meeting of 29 October 2020, resolution no. 4)	Capital: €790 million, <i>i.e.</i> , approximately 50% of the share capital ⁽¹⁾⁽²⁾ Debt securities: €1.5 billion ⁽³⁾	€476,546,385	€313,453,615	29 December 2022 (term: 26 months)
Delegation of powers in the framework of a capital increase (without preferential subscription rights) reserved for CDP Investissements, by way of the issuance of Preferred Shares (Combined General Meeting of 29 October 2020, resolution no. 6)	Capital: €570 million ⁽¹⁾ Subscription price per unit: €44.45	None	Maximum authorised amount	In light of the Board's use of the delegation of competence conferred by the 29 October 2020 General Meeting in its resolution no. 7 in the context of the acquisition of Bombardier Transportation, the Board will not use the delegation conferred by the 29 October 2020 General Meeting in this resolution relating to the issue of preferred shares to CDP Investissements Inc. In this regard and as indicated above in this chapter, changes to the Articles of Association will be submitted to the July 2021 General Meeting for the purpose of eliminating all provisions relating to the preferred shares from the Articles of Association.
Delegation of competence to increase the Company's share capital (without preferential subscription rights) reserved for CDP Investissements by issuance of ordinary shares. (Combined General Meeting of 29 October 2020, resolution no. 7)	Capital: €570 million ⁽¹⁾⁽⁴⁾ Subscription price per unit: €44.45 ⁽⁴⁾	€452,761,029 ⁽⁴⁾	€117,238,971 ⁽⁵⁾	29 April 2022 (term: 18 months)
Delegation of competence to increase the Company's share capital (without preferential subscription rights) by way of the issuance of ordinary shares and reserved for Bombardier UK Holding Limited (Combined General Meeting of 29 October 2020, resolution no. 8)	Capital: €120 million ⁽¹⁾⁽⁴⁾ Subscription price per unit: €47.50 ⁽⁴⁾	€80,529,043 ⁽⁴⁾	€39,470,957 ⁽⁵⁾	29 April 2022 (term: 18 months)

7 ADDITIONAL INFORMATION

Information on the share capital

Nature of the authorisation	Maximum nominal amount authorised	Nominal amount used during the last fiscal year	Available amount	Expiration of the authorisation/ Term
Delegation of competence to issue shares and securities granting access to the share capital (without preferential subscription rights) by means of an offer to the public (excluding offers referred to in article L. 411-2 1° of the French Monetary and Financial Code) and the ability to grant a priority subscription period (only available for use outside public offer periods) (Combined General Meeting of 8 July 2020, resolution no. 14)	Capital: €155 million, <i>i.e.</i> , approximately 10% of the share capital ⁽²⁾ , less any capital increase without preferential subscription rights carried out pursuant to resolutions nos. 15 to 20 ⁽³⁾⁽⁶⁾ Debt securities: €750 million ⁽⁵⁾	None	Maximum authorised amount	8 September 2022 (term: 26 months)
Delegation of competence to issue shares and securities granting access to the share capital (without preferential subscription rights) by means of an offer referred to in article L. 411-2 1° of the French Monetary and Financial Code (only available for use outside public offer periods) (Combined General Meeting of 8 July 2020, resolution no. 15)	Capital: €155 million, <i>i.e.</i> , approximately 10% of the share capital ⁽²⁾ , less any capital increase without preferential subscription rights pursuant to resolutions nos. 14 and 16 to 20 ⁽³⁾⁽⁶⁾ Debt securities: €750 million ⁽⁵⁾ Maximum discount: 5% of the weighted average stock price over the last three trading sessions prior to the beginning of the offer to the public.	None	Maximum authorised amount	8 September 2022 (term: 26 months)
Ability to issue shares and/or any transferable securities giving immediate or future access to the share capital in consideration of contributions in kind in the form of shares or securities giving access to the Company's share capital (only available for use outside public offer periods) (Combined General Meeting of 8 July 2020, resolution no. 16)	Capital: €155 million, <i>i.e.</i> , approximately 10% of the share capital ⁽²⁾ , less any capital increase without preferential subscription rights pursuant to resolutions nos. 14, 15 and 17 to 20 ⁽³⁾⁽⁶⁾ Maximum discount: 5% of the weighted average stock price over the last three trading sessions prior to the beginning of the offer to the public.	None	Maximum authorised amount	8 September 2022 (term: 26 months)
Delegation of competence to increase the amount of the initial issuance up to a limit of 15% of the initial issuance in the event of a capital increase with or without preferential subscription rights (only usable outside public offer periods) (Combined General Meeting of 8 July 2020, resolution no. 17)	Not to exceed 15% of the initial issuance and will count towards the maximum amounts authorised by the delegations under which the initial issuance is carried out (resolutions nos. 13 to 15 and 18 to 20) ⁽³⁾⁽⁶⁾ Debt securities: €750 million ⁽⁵⁾	None	Maximum authorised amount	8 September 2022 (term: 26 months)

Nature of the authorisation	Maximum nominal amount authorised	Nominal amount used during the last fiscal year	Available amount	Expiration of the authorisation/ Term
Delegation of competence to set the price of the issuance without preferential subscription rights, by offer to the public (including the offers referred to in article L. 411-2 1° of the French Monetary and Financial Code) (only available for use outside public offer periods) (Combined General Meeting of 8 July 2020, resolution no. 18)	Issue price: the Board may choose one of the two following options: (i) an issue price corresponding to the average trading price recorded over a period of up to six months before the offer to the public, or (ii) an issue price corresponding to the volume weighted average share price on the day before the issue (1-day VWAP), with a maximum discount of 5%. Not to exceed 10% of the share capital over a period of 12 months and will count towards the maximum amounts authorised by the delegations under which the initial issuance is carried out (resolutions nos. 14 and 15) ⁽¹⁾⁽⁶⁾ Debt securities: €750 million ⁽³⁾	None	Maximum authorised amount	8 September 2022 (term: 26 months)
Delegation of competence to issue (with preferential subscription rights cancelled) Company shares and securities granting access to the Company's capital in the event of a public exchange offer initiated by the Company (only available for use outside public offering periods) (Combined General Meeting of 8 July 2020, resolution no. 19)	Capital: €155 million, <i>i.e.</i> , approximately 10% of the share capital ⁽²⁾ , less any capital increase without preferential subscription rights pursuant to resolutions nos. 14 to 18 and 20 ⁽¹⁾⁽³⁾⁽⁶⁾	None	Maximum authorised amount	8 September 2022 (term: 26 months)
Delegation of competence to issue Company shares (with preferential subscription rights cancelled) as a result of the issuance by the Company's subsidiaries of securities giving access to the Company's capital (only available for use outside public offering periods) (Combined General Meeting of 8 July 2020, resolution no. 20)	Capital: €155 million, <i>i.e.</i> , approximately 10% of the share capital ⁽²⁾ , less any capital increase without preferential subscription rights pursuant to resolutions nos. 14 to 19 ⁽¹⁾⁽⁶⁾	None	Maximum authorised amount	8 September 2022 (term: 26 months)
OFFERINGS TO EMPLOYEES AND EXECUTIVES				
Delegation of competence to decide to increase the Company's share capital through the issuance of shares or other securities reserved for participants in a Company or Group savings plan, preferential subscription rights cancelled (Combined General Meeting of 29 October 2020, resolution no. 9)	2% of the share capital at the date of the Shareholders' Meeting of 29 October 2020, less any amount issued pursuant to resolution no. 10 of the Shareholders' Meeting of 29 October 2020 ⁽⁷⁾	None	Maximum authorised amount	29 December 2022 (term: 26 months)

Nature of the authorisation	Maximum nominal amount authorised	Nominal amount used during the last fiscal year	Available amount	Expiration of the authorisation/Term
Delegation of competence to decide to increase the Company's share capital, reserved for a class of beneficiaries ⁽⁶⁾ with cancellation of the shareholders' preferential subscription rights (Combined General Meeting of 29 October 2020, resolution no. 10)	0.5% of the share capital at the date of the Shareholders' Meeting of 29 October 2020, less any amount issued pursuant to resolution no. 9 of the Shareholders' Meeting of 29 October 2020 ⁽⁷⁾	None	Maximum authorised amount	29 April 2022 (term: 18 months)
Authorisation to carry out free grants of existing or future shares of the Company, with preferential subscription rights cancelled (Combined General Meeting of 10 July 2019, resolution no. 14)	5 million shares, <i>i.e.</i> , approximately 2.2% of the capital ⁽¹⁾⁽²⁾ , including up to 200,000 shares for corporate officers and up to 2 million shares under profit-sharing arrangements (without performance conditions).	None	€26,980,625 (corresponding to 3,854,375 shares); this authorisation was used during the 2019/20 fiscal year	10 July 2021 (term: 24 months)

SHARE BUYBACKS AND CAPITAL REDUCTIONS

Authorisation to trade in the Company's shares (usable only outside public offering periods) (Combined General Meeting of 8 July 2020, resolution no. 12)	10% of share capital Maximum price: €60 Maximum total programme amount: €1.35 billion	None	Maximum authorised amount	8 January 2022 (term: 18 months)
Authorisation to reduce the capital by cancelling shares (Combined General Meeting of 8 July 2020, resolution no. 21)	10% of the shares that make up the Company's share capital on each cancellation date	None	Maximum authorised amount	8 September 2022 (term: 26 months)

- (1) Overall limit on capital increases that may result from these authorisations set by the 29 October 2020 General Meeting: €1,480 million.
- (2) Based on the share capital at 31 August 2020, which amounted to €1,587,852,560 divided into 226,836,080 shares of a nominal value of €7.
- (3) Overall limit on issuances of debt securities under these authorisations: €1.5 billion.
- (4) Taking into account the adjustments tied to the 7 December 2020 capital increase (with preferential subscription rights maintained) in the amount of €2,008,302,622.50 (issue premium included) (i) the capital increase reserved for CDP Investissements Inc. was completed on 29 January 2021 by way of the issue of 64,680,147 new ordinary shares at an issue price of approximately €40.67, (ii) the capital increase reserved for Bombardier UK Holding Limited was completed on 29 January 2021 by way of the issue of 11,504,149 new ordinary shares at an issue price of approximately €43.46. The respective limits of the sixth and seventh resolutions referred to in the above table do not take into account the increases in the limits tied to these adjustments.
- (5) Without taking into account the increase in the limits tied to the adjustments mentioned in point 4 above.
- (6) Overall limit on the capital increases that could result from these authorisations without preferential subscription rights (resolutions no. 14 to 20): €155 million, *i.e.*, approximately 10% of the share capital at 31 March 2020 (before any adjustments).
- (7) Overall limit on capital increases in relation to employee savings schemes: 2% of the capital at the date of the 2020 Annual Shareholders' Meeting (before any adjustments).
- (8) Cancellation of the preferential subscription rights for the benefit of beneficiaries meeting the following criteria: (i) any company held by a financial institution or any financial institution retained by the Company to put in place a structured offering for officers and employees of companies related to the Company, as provided for under articles L. 225-180 and L. 233-16 of the French Commercial Code, and having their registered office outside of France; and/or (ii) officers and employees of companies related to the Company, as provided for under articles L. 225-180 and L. 233-16 of the French Commercial Code, and having their registered office outside of France; and/or (iii) UCITS or other entities of employee shareholders invested in shares of the Company, whether or not they are legal entities, the shareholders of which consist of the persons mentioned in (ii) above.

It will be proposed to the 2021 Annual Shareholders' Meeting that it renew the share buyback authorisations and the authorisations to reduce the share capital through the cancellation of shares granted by the Annual Shareholders' Meeting held on 8 July 2020.

It will also be proposed to this same meeting that it renew the delegations relating to employee shareholding transactions and the grant of free shares conferred by the meetings of 29 October 2020 and 10 July 2019, respectively.

CHANGES IN SHARE CAPITAL

	Number of shares created or cancelled	Nominal amount of the increase/decrease in share capital (in €)	Amount in the premium variation (in €)	Aggregate number of shares	Capital (in €)
31 MARCH 2016				219,127,044	1,533,889,308
Share capital increase resulting from the exercise of options and bonds redeemable in shares (ORA) ⁽¹⁾ (30 April 2016)	31	217	488	219,127,075	1,533,889,525
Share capital increase resulting from the exercise of options (30 September 2016)	4,900	34,300	78,204	219,131,975	1,533,923,825
Share capital increase resulting from the exercise of options (30 November 2016)	182,564	1,277,948	2,998,026	219,314,539	1,535,201,773
Share capital increase resulting from the allocation of performance shares under plans LTI No. 15 and LTI No. 16 (12 December 2016)	212,821	1,489,747	-	219,527,360	1,536,691,520
Share capital increase resulting from the exercise of options (31 December 2016)	51,644	361,508	858,208	219,579,004	1,537,053,028
Share capital increase resulting from the exercise of options and allocation of performance shares under plan LTI No. 16 (31 January 2017)	45,669	319,683	738,417	219,624,673	1,537,372,711
Share capital increase resulting from the exercise of options (28 February 2017)	52,309	366,163	858,388	219,676,982	1,537,738,874
Share capital increase resulting from the exercise of options, allocation of performance shares under plans LTI No. 16 and PSP 2016 and allocation of free shares under the "We are Alstom" plan (31 March 2017)	34,848	243,936	542,965	219,711,830	1,537,982,810
31 MARCH 2017				219,711,830	1,537,982,810
Share capital increase resulting from the exercise of options and bonds redeemable in shares (ORA) ⁽¹⁾ (30 April 2017)	36,852	257,964	593,126	219,748,682	1,538,240,774
Share capital increase resulting from the exercise of options (26 May 2017)	169,295	1,185,065	-	219,917,977	1,539,425,839
Share capital increase resulting from the exercise of options (31 May 2017)	58,629	410,403	3,941,952	219,976,606	1,539,836,242
Share capital increase resulting from the exercise of options (30 June 2017)	191,443	1,340,101	3,379,306	220,168,049	1,541,176,343
Share capital increase resulting from the exercise of options and bonds redeemable in shares (ORA) ⁽¹⁾ (31 July 2017)	94,778	663,446	1,693,405	220,262,827	1,541,839,789
Share capital increase resulting from the exercise of options (31 August 2017)	18,565	129,955	327,952	220,281,392	1,541,969,744
Share capital increase resulting from the exercise of options and allocation of performance shares under plan LTI No. 16 (2 October 2017)	1,261,047	8,827,329	4,596,544	221,542,439	1,550,797,073
Share capital increase resulting from the exercise of options (31 October 2017)	281,790	1,972,530	5,246,061	221,824,229	1,552,769,603

7 ADDITIONAL INFORMATION

Information on the share capital

	Number of shares created or cancelled	Nominal amount of the increase/decrease in share capital (in €)	Amount in the premium variation (in €)	Aggregate number of shares	Capital (in €)
Share capital increase resulting from the exercise of options and bonds redeemable in shares ORA ⁽¹⁾ (30 November 2017)	51,028	357,196	916,809	221,875,257	1,553,126,799
Share capital increase resulting from the exercise of options (31 December 2017)	57,659	403,613	1,039,320	221,932,916	1,553,530,412
Share capital increase resulting from the exercise of options (31 January 2018)	212,558	1,487,906	3,758,902	222,145,474	1,555,018,318
Share capital increase resulting from the exercise of options (28 February 2018)	14,281	99,967	242,648	222,159,755	1,555,118,285
Share capital increase resulting from the exercise of options (31 March 2018)	50,716	355,012	952,813	222,210,471	1,555,473,297
31 MARCH 2018				222,210,471	1,555,473,297
Share capital increase resulting from the exercise of options and bonds redeemable in shares ORA ⁽¹⁾ (30 April 2018)	8,782	61,474	144,027	222,219,253	1,555,534,771
Share capital increase resulting from the exercise of options (31 May 2018)	54,137	378,959	1,045,490	222,273,390	1,555,913,730
Share capital increase resulting from the exercise of options (6 June 2018)	23,350	163,450	-	222,296,740	1,556,077,180
Share capital increase resulting from the exercise of options and bonds redeemable in shares ORA ^(*) (30 June 2018)	7,441	52,087	538,919	222,304,181	1,556,129,267
Share capital increase resulting from the exercise of options and bonds redeemable in shares ORA ^(*) (13 July 2018)	6	42	-	222,304,187	1,556,129,309
Share capital increase resulting from the exercise of options (31 July 2018)	12,150	85,050	245,546	222,316,337	1,556,214,359
Share capital increase resulting from the exercise of options (31 August 2018)	42,364	296,548	823,780	222,358,701	1,556,510,907
Share capital increase resulting from free share allocations not linked to performance under the "We are Alstom" plan (25 September 2018)	638,610	4,470,270	-	222,997,311	1,560,981,177
Share capital increase resulting from the exercise of options (30 September 2018)	61,057	427,399	1,085,775	223,058,368	1,561,408,576
Share capital increase resulting from the exercise of options (31 October 2018)	93,764	656,348	1,991,595	223,152,132	1,562,064,924
Share capital increase resulting from the exercise of options (30 November 2018)	103,888	727,216	2,129,657	223,256,020	1,562,792,140
Share capital increase resulting from the exercise of options (31 December 2018)	169,579	1,187,053	3,627,210	223,425,599	1,563,979,193
Share capital increase resulting from the exercise of options (31 January 2019)	26,781	187,467	451,906	223,452,380	1,564,166,660
Share capital increase resulting from the exercise of options (28 February 2019)	105,263	736,841	1,702,745	223,557,643	1,564,903,501
Share capital increase resulting from the exercise of options (31 March 2019)	14,670	102,690	244,353	223,572,313	1,565,006,191

	Number of shares created or cancelled	Nominal amount of the increase/decrease in share capital (in €)	Amount in the premium variation (in €)	Aggregate number of shares	Capital (in €)
31 MARCH 2019				223,572,313	1,565,006,191
Capital increase arising from the free grant of performance shares under the 2016 PSP (15 May 2019)	732,073	5,124,511	-	224,304,386	1,570,130,702
Capital increase arising from the exercise of options (9 July 2019)	18,546	129,822	293,681	224,322,932	1,570,260,524
Capital increase reserved for members of the Alstom Group Savings Plan and the company We Share International Employees (26 March 2020)	1,448,638	10,140,466	-	225,771,570	1,580,400,990
Capital increase arising from the exercise of options and bonds redeemable in shares (ORA ⁽¹⁾ and the early ⁽²⁾ free grant of performance shares under the 2017 PSP and 2019 PSP (31 March 2020)	202,212	1,415,484	48,042,195	225,973,782	1,581,816,474
31 MARCH 2020				225,973,782	1,581,816,474
Capital increase in connection with the free grant of performance shares under plan PSP 2017 (19 May 2020)	862,298	6,036,086	-	226,836,080	1,587,852,560
Capital increase in connection with the exercise of options and redemption of bonds redeemable in shares (28 October 2020)	52,885	370,195	575,421	226,888,965	1,588,222,755
Capital increase resulting from the exercise of options (1 December 2020)	37,889	265,223	350,184.30	226,926,854	1,588,487,978
Capital increase in cash by way of the issuance of new shares with shareholders' preferential subscription rights maintained (7 December 2020)	68,078,055	476,546,385	1,503,551,510.05	295,004,909	2,065,034,363
Capital increase reserved for CDP Investissements Inc. (29 January 2021)	64,680,147	452,761,029	2,543,747,986.67	371,189,205	2,598,324,435
Capital increase reserved for Bombardier UK Holding Ltd. (29 January 2021)	11,504,149	80,529,043			
Capital increase resulting from the exercise of options (31 March 2021)	12,588	88,116	727,714.61	371,201,793	2,598,412,551
31 MARCH 2021				371,201,793	2,598,412,551

(1) 2% subordinated bonds due December 2008 redeemable in Company shares.

(2) Further to the request of the heirs of a deceased beneficiary.

OWNERSHIP OF ALSTOM SHARES

(Disclosure pursuant to article L. 225-102 and L. 233-13 of the French Commercial Code)

To the Company's knowledge and based on notifications received by the Company, the table below indicates the share ownership and voting rights of shareholders holding more than 0.50% of the Company's share capital at 31 March 2021:

	Capital at 31 March 2021			
	Number of shares	% of capital ⁽¹⁾	Number of voting rights	% of voting rights ⁽¹⁾⁽²⁾
Public	154,046,904	41.50%	154,046,904	41.50%
Caisse de Dépôt et Placement du Québec	64,893,536	1,748%	64,893,536	17.48%
Bouygues S.A.	11,581,441	3.12%	11,581,441	3.12%
BlackRock Inc.	16,707,672	4.50%	16,707,672	4.50%
Groupe Amundi	7,517,808	2.03%	7,517,808	2.03%
BNP Paribas Asset Management	7,412,681	2.00%	7,412,681	2.00%
Alliance Bernstein	6,661,498	1.79%	6,661,498	1.79%
State Street Corporation	6,295,305	1.70%	6,295,305	1.70%
Employees ⁽³⁾	5,092,001	1.37%	5,092,001	1.37%
Standard Life Aberdeen PLC	4,936,018	1.33%	4,936,018	1.33%
Caisse des Dépôts et Consignations	4,798,937	1.29%	4,798,937	1.29%
La Banque Postale AM	3,266,576	0.88%	3,266,576	0.88%
Schroders plc	3,068,467	0.83%	3,068,467	0.83%
Ostrum Asset Management	3,029,035	0.82%	3,029,035	0.82%
Covea Finance	2,926,425	0.79%	2,926,425	0.79%
Bank of America Merrill Lynch	2,914,439	0.79%	2,914,439	0.79%
Susquehanna International Holdings LLC	2,494,900	0.67%	2,494,900	0.67%
Prudential plc	2,332,099	0.63%	2,332,099	0.63%
Legal & General Group plc	2,256,364	0.61%	2,256,364	0.61%
Aviva PLC	2,248,325	0.61%	2,248,325	0.61%
Moneta AM	2,240,000	0.60%	2,240,000	0.60%
Lansdowne Partners LLP	2,236,328	0.60%	2,236,328	0.60%
York Capital Management	2,033,764	0.55%	2,033,764	0.55%
DNCA Investments	1,927,463	0.52%	1,927,463	0.52%
Marshall Wace	1,849,749	0.50%	1,849,749	0.50%
Norges Bank	(6)	(6)	(6)	(6)
Wellington Management	(6)	(6)	(6)	(6)
Oppenheimer Funds	(6)	(6)	(6)	(6)
Eton Park	(6)	(6)	(6)	(6)
Abu Dhabi Investment Authority	(6)	(6)	(6)	(6)
Franklin Resources Inc.	(6)	(6)	(6)	(6)
Groupama Asset Management	(6)	(6)	(6)	(6)
Lloyds Banking Group	(6)	(6)	(6)	(6)
Artisan Partners	(6)	(6)	(6)	(6)
HSBC Global Asset Management	(6)	(6)	(6)	(6)
HSBC Holdings plc	(6)	(6)	(6)	(6)
Richelieu Finance	(6)	(6)	(6)	(6)
Groupe Fradim	(6)	(6)	(6)	(6)
Mackenzie Investments	(6)	(6)	(6)	(6)
Marsico Capital Management	(6)	(6)	(6)	(6)
Crédit Suisse Group AG	(6)	(6)	(6)	(6)
FIL Limited	(6)	(6)	(6)	(6)
CNP Assurance	(6)	(6)	(6)	(6)
Swiss National Bank	(6)	(6)	(6)	(6)
Sumitomo Mitsui Trust Holdings	(6)	(6)	(6)	(6)
UBS Investment Bank	(6)	(6)	(6)	(6)
FMR LLC	(6)	(6)	(6)	(6)
Citadel Advisors LLC	(6)	(6)	(6)	(6)
TOTAL	371,201,793	100.00%	371,201,793	100.00%

(1) % calculated based on the share capital and voting rights at 31 March of each year and not based on the share capital and voting rights on the notice date.

(2) On 29 October 2020, the Special Meeting (which brought together the shareholders holding double voting rights) and the Combined General Meeting approved the elimination of the double voting rights mechanism from the Company's Articles of Association, thereby ensuring the principle of "one share, one vote" is applied to all shareholders, effective 29 January 2021.

(3) Shares held by employees and former employees of the Group at 31 March 2021, of which approximately 0.59% of the capital and voting rights are held through an employee mutual fund (FCPE).

(4) Shareholders holding less than 0.5% of the Company's share capital at 31 March 2019.

(5) Shareholders holding less than 0.5% of the Company's share capital at 31 March 2020.

(6) Shareholders holding less than 0.5% of the Company's share capital at 31 March 2021.

Capital at 31 March 2020				Capital at 31 March 2019			
Number of shares	% of capital ⁽¹⁾	Number of voting rights	% of voting rights ⁽¹⁾	Number of shares	% of capital ⁽¹⁾	Number of voting rights	% of voting rights ⁽¹⁾
73,882,723	3,270%	74,857,117	2,871%	90,023,441	4,027%	90,798,023	3,923%
-	-	-	-	-	-	-	-
32,936,226	14.58%	65,872,452	25.27%	62,086,226	27.77%	68,186,092	29.46%
10,487,207	4.64%	10,487,207	4.02%	-	-	-	-
7,670,452	3.39%	7,670,452	2.94%	5,351,970	2.39%	5,351,970	2.31%
6,283,350	2.78%	5,226,579	2.00%	4,328,175	1.94%	4,389,481	1.90%
2,918,448	1.29%	2,918,448	1.12%	-	-	-	-
6,295,305	2.79%	6,295,305	2.41%	6,295,305	2.82%	6,295,305	2.72%
3,810,430	1.69%	4,998,058	1.92%	2,721,522	1.22%	3,931,195	1.70%
5,127,814	2.27%	5,127,814	1.97%	1,459,674	0.65%	1,459,674	0.63%
2,202,563	0.97%	2,202,563	0.84%	(4)	(4)	(4)	(4)
1,225,938	0.54%	1,225,938	0.47%	1,225,938	0.55%	1,225,938	0.53%
3,338,976	1.48%	3,338,976	1.28%	(4)	(4)	(4)	(4)
3,029,035	1.34%	3,029,035	1.16%	-	-	-	-
1,137,744	0.50%	1,137,744	0.44%	1,996,760	0.89%	1,996,760	0.86%
(5)	(5)	(5)	(5)	(4)	(4)	(4)	(4)
2,494,900	1.10%	2,494,900	0.96%	2,494,900	1.12%	2,494,900	1.08%
2,332,099	1.03%	2,332,099	0.89%	2,332,099	1.04%	2,332,099	1.01%
1,405,078	0.62%	1,112,008	0.43%	1,405,078	0.63%	1,112,008	0.48%
5,968,972	2.64%	5,968,972	2.29%	5,113,366	2.29%	5,113,366	2.21%
1,150,000	0.51%	1,150,000	0.44%	1,150,000	0.51%	1,150,000	0.50%
2,236,328	0.99%	2,236,328	0.86%	1,293,719	0.58%	1,293,719	0.56%
2,372,725	1.04%	2,372,725	0.90%	1,350,000	0.60%	1,350,000	0.58%
(5)	(5)	(5)	(5)	2,284,041	1.02%	2,284,041	0.99%
1,124,627	0.50%	1,124,627	0.43%	1,145,234	0.51%	1,145,234	0.49%
2,234,446	0.99%	2,234,446	0.86%	3,289,789	1.47%	3,289,789	1.42%
2,033,930	0.90%	2,033,930	0.78%	5,443,454	2.43%	5,443,454	2.35%
1,514,586	0.67%	1,514,586	0.58%	1,514,586	0.68%	1,514,586	0.65%
1,502,300	0.66%	1,502,300	0.58%	1,502,300	0.67%	1,502,300	0.65%
1,481,139	0.66%	1,481,139	0.57%	-	-	-	-
1,425,626	0.63%	1,425,626	0.55%	1,425,626	0.64%	1,425,626	0.62%
1,403,076	0.62%	1,403,076	0.54%	1,403,076	0.63%	1,403,076	0.61%
1,400,970	0.62%	1,400,970	0.54%	1,400,970	0.63%	1,400,970	0.61%
1,393,382	0.62%	1,393,382	0.53%	1,393,382	0.62%	1,393,382	0.60%
1,352,865	0.60%	1,352,865	0.52%	1,110,748	0.50%	1,110,748	0.48%
1,319,326	0.58%	1,319,326	0.51%	1,319,326	0.59%	1,319,326	0.57%
1,312,000	0.58%	1,312,000	0.50%	1,312,000	0.59%	1,312,000	0.57%
1,300,000	0.58%	1,300,000	0.50%	1,300,000	0.58%	1,300,000	0.56%
1,290,492	0.57%	1,290,492	0.49%	-	-	-	-
1,245,255	0.55%	1,245,255	0.48%	1,245,255	0.56%	1,245,255	0.54%
1,207,879	0.54%	1,207,879	0.47%	1,329,352	0.59%	1,329,352	0.57%
1,207,278	0.53%	1,207,278	0.46%	1,207,278	0.54%	1,207,278	0.52%
1,169,662	0.52%	1,169,662	0.45%	(4)	(4)	(4)	(4)
1,134,417	0.53%	1,134,417	0.44%	(4)	(4)	(4)	(4)
1,131,495	0.50%	1,131,495	0.44%	(4)	(4)	(4)	(4)
(5)	(5)	(5)	(5)	1,139,194	0.51%	1,139,194	0.49%
(5)	(5)	(5)	(5)	1,106,981	0.50%	1,106,981	0.48%
(5)	(5)	(5)	(5)	2,210,742	0.99%	2,210,742	0.96%
225,973,782	100.00%	260,717,136	100.00%	223,572,313	100.00%	231,424,670	100.00%

To the Company's knowledge based on ownership threshold notices received (but excluding notices received from registered brokers), no other shareholder directly or indirectly holds more than 0.50% of the Company's share capital or voting rights at 31 March 2021.

In 2020/21, the following legal ownership threshold crossings were reported:

- By letter received on 27 April 2021, BlackRock, Inc. (55 East 52nd Street, New York, 10055, United States), acting on behalf of clients and funds it manages, reported having crossed upwards on 26 April 2021 the 5% Company capital and voting rights thresholds and reported holding on behalf of such clients and funds 18,644,914 ALSTOM shares representing the same number of voting rights, *i.e.*, 5.02% of the share capital and voting rights.
- By letter received on 28 April 2021, BlackRock, Inc. (55 East 52nd Street, New York, 10055, United States), acting on behalf of clients and funds it manages, reported having crossed downwards on 27 April 2021 the 5% Company capital and voting rights thresholds and reported holding on behalf of such clients and funds 18,484,101 ALSTOM shares representing the same number of voting rights, *i.e.*, 4.98% of the share capital and voting rights.
- By letter received on 29 April 2021, BlackRock, Inc. (55 East 52nd Street, New York, 10055, United States), acting on behalf of clients and funds it manages, reported having crossed upwards on 28 April 2021 the 5% Company capital and voting rights thresholds and reported holding on behalf of such clients and funds 18,849,030 ALSTOM shares representing the same number of voting rights, *i.e.*, 5.08% of the share capital and voting rights.
- By letter received on 8 June 2020, BlackRock, Inc. (55 East 52nd Street, New York, 10055, United States), acting on behalf of clients and funds it manages, reported having crossed upwards on 5 June 2020 the 5% Company capital threshold and reported holding on behalf of such clients and funds 11,504,157 ALSTOM shares representing the same number of voting rights, *i.e.*, 5.07% of the share capital and 4.40% of the voting rights.
- By letter received on 9 June 2020, BlackRock, Inc. (55 East 52nd Street, New York, 10055, United States), acting on behalf of clients and funds it manages, reported having crossed downwards on 8 June 2020 the 5% Company capital threshold and reported holding on behalf of such clients and funds 10,760,931 ALSTOM shares representing the same number of voting rights, *i.e.*, 4.74% of the share capital and 4.11% of the voting rights.
- By letter received on 2 September 2020, BlackRock, Inc. (55 East 52nd Street, New York, 10055, United States), acting on behalf of clients and funds it manages, reported having crossed upwards on 1 September 2020 the 5% Company capital threshold and reported holding on behalf of such clients and funds 12,550,096 ALSTOM shares representing the same number of voting rights, *i.e.*, 5.53% of the share capital and 4.80% of the voting rights.
- By letter received on 3 September 2020, BlackRock, Inc. (55 East 52nd Street, New York, 10055, United States), acting on behalf of clients and funds it manages, reported having crossed downwards on 2 September 2020 the 5% Company capital threshold and reported holding on behalf of such clients and funds 10,861,309 ALSTOM shares representing the same number of voting rights, *i.e.*, 4.79% of the share capital and 4.15% of the voting rights.
- By letter received on 4 November 2020, Bouygues SA (32, avenue Hoche, 75008 Paris) reported having crossed downwards on 3 November 2020 the 25% and 20% voting rights thresholds and the 10% Company capital threshold and reported holding 21,936,226 ALSTOM shares representing 43,872,452 voting rights, *i.e.*, 9.67% of the share capital and 16.76% of the voting rights.
- By letter received on 9 November 2020, BlackRock, Inc. (55 East 52nd Street, New York, 10055, United States), acting on behalf of clients and funds it manages, reported having crossed upwards on 6 November 2020 the 5% Company capital threshold and reported holding on behalf of such clients and funds 11,652,190 ALSTOM shares representing the same number of voting rights, *i.e.*, 5.14% of the share capital and 4.45% of the voting rights.
- By letter received on 12 November 2020, BlackRock, Inc. (55 East 52nd Street, New York, 10055, United States), acting on behalf of clients and funds it manages, reported having crossed downwards on 11 November 2020 the 5% Company capital threshold and reported holding on behalf of such clients and funds 11,033,594 ALSTOM shares representing the same number of voting rights, *i.e.*, 4.86% of the share capital and 4.22% of the voting rights.
- By letter received on 13 November 2020, BlackRock, Inc. (55 East 52nd Street, New York, 10055, United States), acting on behalf of clients and funds it manages, reported having crossed upwards on 12 November 2020 the 5% Company capital threshold and reported holding on behalf of such clients and funds 11,477,162 ALSTOM shares representing the same number of voting rights, *i.e.*, 5.06% of the share capital and 4.38% of the voting rights.
- By letter received on 17 November 2020, BlackRock, Inc. (55 East 52nd Street, New York, 10055, United States), acting on behalf of clients and funds it manages, reported having crossed downwards on 16 November 2020 the 5% Company capital threshold and reported holding on behalf of such clients and funds 11,325,728 ALSTOM shares representing the same number of voting rights, *i.e.*, 4.99% of the share capital and 4.33% of the voting rights.
- By letter received on 9 December 2020, Bouygues SA (32, avenue Hoche, 75008 Paris) reported having crossed downwards on 7 December 2020 the 15% Company voting rights threshold and reported holding 23,581,441 ALSTOM shares representing 45,517,667 voting rights, *i.e.*, 7.99% of the share capital and 14.28% of the voting rights.
- By letter received on 4 February 2021, Bouygues SA (32, avenue Hoche, 75008 Paris) reported having crossed downwards on 2 February 2021 the 10% Company voting rights threshold and reported holding 23,581,441 ALSTOM shares representing the same number of voting, *i.e.*, 6.35% of the share capital and voting rights.
- By letter received on 11 March 2021, Bouygues SA (32, avenue Hoche, 75008 Paris) reported having crossed downwards on 10 March 2021 the 5% Company capital and voting rights thresholds and reported holding 11,581,441 ALSTOM shares representing the same number of voting, *i.e.*, 3.12% of the share capital and voting rights.
- By letter received on 3 February 2021, Caisse de Dépôt et Placement du Québec (CDPQ) (1000 place Jean-Paul-Riopelle, Montreal, H2Z 2B3 Quebec) reported having crossed upwards on 29 January 2021 the 5%, 10% and 15% Company capital and voting rights thresholds and reported holding 64,893,536 ALSTOM shares representing the same number of voting, *i.e.*, 17.48% of the share capital and voting rights.

At 10 May 2021, the following threshold notices had been received since the end of the fiscal year:

- Bombardier Inc. notified the Company on 7 May 2021 that it does not hold anymore any ALSTOM share at that date.

Other than the commitments described below, as 31 March 2021, the Company was not aware of any restriction on transfers of stake-holdings in the Company's capital:

- under the terms of a letter of agreement dated 17 February 2020, Bouygues SA gave its support to the acquisition of Bombardier Transportation. In particular, Bouygues SA undertook to remain a shareholder of Alstom and to not transfer without Alstom's consent the Company shares that Bouygues SA held on the signature date of such letter until the first of the following dates: (i) the Shareholders' Meeting deciding on the resolutions relating to the proposed acquisition, and (ii) 31 October 2020.

On 30 September 2020, Bouygues placed 11,000,000 Alstom shares in the framework of a forward sale transaction with BNP Paribas, which settled on 3 November 2020. At the time, Bouygues SA undertook to hold its stake in Alstom for a period ending 90 days after the placement's settlement-delivery, subject to ordinary exceptions.

On 10 March 2021, Bouygues SA sold 12,000,000 Alstom shares and undertook to the banks responsible for the placement to hold the balance of its stake in Alstom for a period of 60 days commencing on the settlement-delivery of the shares, subject to customary exceptions;

- pursuant to an investment agreement, Caisse de Dépôt et Placement du Québec made a commitment that, until 16 September 2030, its stake would not exceed 22% of the ordinary shares issued by Alstom

without Alstom's consent. Within the limits of this commitment, CDPQ could acquire other Alstom securities depending on market conditions. Under the same investment agreement, CDPQ undertook to retain its Alstom shares for a period of 21 months (with the exception of transfers in the framework of a public offering, transfers authorised by Alstom, transfers to an affiliate, transfers subsequent to the commencement of a procedure under the book six of the French Commercial Code or transfers allowing CDPQ to hold less than 19.8% of Alstom's shares prior to a distribution) commencing with the closing of the Bombardier Transportation acquisition, which took place on 29 January 2021;

- pursuant to an investment agreement, Bombardier UK Holding Ltd. made a commitment to retain its stake holding for a period of three months as from the closing of the Bombardier Transportation acquisition, which took place on 29 January 2021. It shall be noted that on 7 May 2021, Bombardier Inc. (to which this stake holding was transferred on closing day) sold this stake holding.

To the Company's knowledge, there is no shareholders' agreement relating to the Company's capital.

To the Company's knowledge, as of 31 March 2021, 153,979 Alstom shares are held by Board Members which are legal persons, representing less than 0.04% of Alstom's share capital and voting rights at such date.

A table identifying the transactions referred to in article L. 621-18-2 of the French Monetary and Financial Code is set forth in the section entitled "Corporate Governance – Officer and employee shareholding".

Alstom does not hold, directly or indirectly through companies it controls, any of its own shares.

ISSUED SECURITIES AND RIGHTS GIVING ACCESS TO THE SHARE CAPITAL

The issued securities and rights giving access to the Company's share capital are composed of:

- rights to the free allocations of shares; and
- stock options to subscribe shares.

There are no securities giving rights to the Company's share capital other than the categories of securities described above.

2% subordinated bonds due December 2008 redeemable in Company shares ("ORA")

In December 2003, the Company issued €901,313,660.80 in 2% subordinated bonds redeemable in shares of the Company ("ORA") due December 2008 with preferential subscription rights maintained, which could lead to the issuance of up to 643,795,472 new shares. The redemption ratio was 0.0628 Alstom shares of a nominal value of €7 per bond, after adjustments to the redemption ratio following transactions on the Company's share capital.

On 31 December 2008 the ORA were redeemed for shares pursuant to the terms and conditions of the bonds.

All ORA remained outstanding were redeemed on 28 October 2020.

Therefore, at 31 March 2021, there are no more outstanding ORA.

Free allocations of shares

See the sections entitled:

- "Corporate Governance – Officer and Employee Shareholding – Stock options and performance shares plans"; and
- "Corporate Governance – Officer and Employee Shareholding – Free shares grant".

Stock options

See section "Corporate Governance – Officer and Employee Shareholding – Stock options and performance shares plans".

POTENTIAL SHARE CAPITAL

	Total number of shares that may be issued	Corresponding share capital increase (in €)	% of the share capital at 31 March 2021
Shares that may result from the exercise of outstanding options ^(*)	121,468	850,276	0.03%
Shares that may be issued on the basis of performance share plans ^(*)	3,352,234	23,465,638	0.90%
TOTAL ^(*)	3,473,702	24,315,914	0.93%

(*) Subject to the satisfaction of all performance conditions. See the section entitled "Corporate Governance – Officer and Employee Shareholding – Stock options and performance share plans" and Note 30 to the Consolidated Financial Statements at 31 March 2021. Number adjusted following the cash capital increase by way of the issuance of new shares (with preferential subscription rights maintained) carried out on 7 December 2020.

As a result of the cash capital increase by way of the issuance of new shares (with preferential subscription rights maintained) carried out on 7 December 2020, and in accordance with the applicable legal provisions and the provisions of the option plans, the exercise price for the options under option plan nos. 15 and 16 then in effect were modified as follows:

	Plan no. 15 included in LTI 15 Plan dated 10 December 2012	Plan no. 16 included in LTI 16 Plan dated 1 October 2013
Exercise price prior to the capital increase	€24.10	€23.44
Adjusted exercise price after the capital increase	€21.83	€21.24

It was also decided that the number of shares under option will be adjusted such that the total subscription price corresponding to all the options remains constant, with the new number of shares rounded up to the next highest unit.

Regarding performance shares, in accordance with applicable legal provisions and the provisions of the plans, it was decided that the number of free shares to be delivered to beneficiaries of free share grant plans whose vesting period was then in progress will be increased by an amount equal to the product of this number and a ratio equal to 9.39% (with the amount obtained rounded to the next highest number).

SHARE BUYBACKS

(Disclosure pursuant to articles 241-1 *et seq.* of the AMF's General Regulation)

Use by the Board of Directors of the authorisation granted by the Shareholders' Meeting

Pursuant to articles L. 225-209 (now L. 22-10-62) *et seq.* of the French Commercial Code, the Combined General Meeting held on 8 July 2020 authorised the Board of Directors to purchase Alstom shares on and off the stock exchange and by any means, within the limit of 10% of Alstom's share capital at 31 March 2020 (*i.e.*, a theoretical number of 22,597,378 shares), for a maximum purchase price of €60 per share (subject to adjustments tied to transactions on the share capital) for a period of 18 months after the Shareholders' Meeting.

The Company did not use this authorisation during the 2020/21 fiscal year.

Presentation of the Alstom share buyback programme submitted to the 2021 Annual Shareholders' Meeting for approval

Pursuant to article 241-2-1 of the AMF's General Regulation, the section below constitutes the presentation of the share buyback programme that will be submitted to 2021 Annual Shareholders' Meeting for approval.

Number of shares and portion of the share capital held directly or indirectly by Alstom

Alstom does not directly or indirectly hold any shares making up its share capital or any securities giving access to its share capital.

Breakdown of shares held by objective

Not applicable.

Objectives of the share buyback programme

The share buyback programme may be implemented to purchase or procure the purchase of the Company's shares, and in particular as described in the report of the Board of Directors, in view of:

- cancelling some or all of the acquired shares in accordance with the authorisation that was conferred or that is to be conferred by the Extraordinary General Meeting;
- ensuring coverage of share purchase option plans and/or free share grant plans (or equivalent plans) benefitting employees and/or corporate officers of the Company, controlled companies within the meaning of article L. 233-16 of the French Commercial Code or a related company within the meaning of article L. 225-180 or L. 225-197-2 of the French Commercial Code and of all share grants under a company or group savings plan (or equivalent plan) under profit sharing arrangements and/or all other forms of share grants *via* the allocation or sale to employees and/or corporate officers of the Company, a controlled company or a related company;
- holding the shares that were purchased and subsequently selling, transferring, delivering in payment or exchanging such shares as part of any external growth transactions, a merger, spin-off or contribution, within the limit contemplated by law;
- covering securities granting rights to the allocation of Company shares within the framework of applicable regulations;
- maintaining a secondary market in, or the liquidity of, Alstom shares through an investment services provider *via* a liquidity agreement that is consistent with practice authorised by regulation; provided, however, that in this context, the number of shares taken into account to calculate the above-referenced limit corresponds to the number of shares purchased, minus the number of shares resold;
- implementing any market practice that comes to be allowed by law or the AMF and, more generally, to carry out any other transaction in accordance with applicable regulations.

The purchases, sales, transfers or exchanges of such shares may be carried out, in whole or in part, in accordance with the rules set by the relevant market authorities, on regulated markets or in privately negotiated transactions, including *via* multilateral trading facilities (MTFs) or *via* a systematic internaliser, by any means, including a block trade of securities, the use or exercise of any financial instrument, derivatives and, in particular through option transactions such as the purchase and sale of options, or by delivery of shares following the issue of securities giving access to the Company's ordinary shares by conversion, exchange, redemption or exercise of a warrant, either directly or indirectly through an investment service provider, or in any other way (without limiting the share of the buyback programme that may be carried out by any of these means), and at any time within the limits set forth by applicable laws and regulations. The portion of the programme carried out in the form of a block trade may constitute the entire programme.

However, without the General Meeting's prior authorisation, the Board of Directors may not use this authorisation during tender offers covering the Company's securities that are initiated by a third party, which restriction shall last until the end of the offering period.

Maximum portion of share capital and maximum number of shares which may be repurchased

Purchases of the Company's own shares may cover a number of shares such that, at the date of each purchase, the total number of shares purchased by the Company since the beginning of the buyback programme (including those shares subject to such buyback) does not exceed 5% of the shares that make up the Company's share capital at such date (taking into account transactions affecting the share capital subsequent to this Shareholders' Meeting), *i.e.*, for illustration purposes, as of 31 March 2021, a theoretical maximum number of 18,560,089 shares with a nominal value of €7 per share and a theoretical maximum amount of approximately €1.11 billion based upon the maximum purchase price per share indicated hereafter. However, (i) the number of shares acquired by the Company to be held as treasury shares to be used at a later date as payment or in exchange in the context of an external growth transaction cannot exceed 5% of the share capital and (ii) if the shares are purchased to promote liquidity under the conditions defined by the AFM's General Regulation, the number of shares taken into account for calculating the 5% limit provided for above corresponds to the number of shares purchased, less the number of shares sold during the period of the authorisation.

Maximum purchase price

The purchase price may not exceed €60 (excluding expenses) per share (or the equivalent of such amount in other currencies at the same date). In the event of a change in the nominal value of the shares, a share capital increase through the capitalisation of reserves, a grant of free shares to shareholders or of performance shares, a stock split or reverse stock split, a distribution of reserves or of any other assets, a capital redemption or any other transactions affecting the share capital or shareholders' equity, the Shareholders' Meeting delegates to the Board of Directors the power to decide to adjust the aforementioned maximum purchase price in order to take into account the impact of such transactions on the value of the shares. The total amount allocated to the share buyback programme authorised may not exceed €1.11 billion.

Term

The share buyback programme shall expire at the end of a period of 18 months as from the 2021 Annual Shareholders' Meeting.

Characteristics of the shares that may be repurchased

Shares listed on NYSE Euronext Paris (Compartment A).

Name: Alstom.

ISIN code: FR0010220475.

Stock code: ALO.

SECURITIES NOT REPRESENTING CAPITAL

On 28 September 2020, the Board of Directors renewed for a period of one year the delegations of authority to the Chairman and Chief Executive Officer to issue bonds, in one or more issuances, within a maximum nominal amount of €750,000,000.

Thus, during the 2020/21 fiscal year, the Company issued bonds on 11 January 2021 (ISIN FR0014001EW8) in an aggregate amount of €750,000,000 bearing interest at 0.00% and due 11 January 2029. The issue price was 98.927%.

In the 2019/20 fiscal year, the Company had issued bonds on 14 October 2019 (ISIN FR0013453040) in an aggregate amount of €700,000,000 bearing interest at 0.25% and due 14 October 2026. The issue price was 99.592%.

DIVIDENDS PAID IN THE THREE PREVIOUS FISCAL YEARS

(Disclosure pursuant to article 243 bis of the French Tax Code)

The fiscal year ended 31 March 2021 resulted in a net profit of €221,575,091.56.

It will be proposed to the 2021 Annual Shareholder Meeting to pay a dividend of €0.25 per share, in share or in cash. This level corresponds to a payout ratio of 31% of adjusted net profit, Group share.

A dividend policy with a dividend pay-out ratio between 25% and 35% of the adjusted net profit has been communicated during the Investors' day on July 6th 2021.

The dividends paid over the three previous fiscal years were as follows:

Fiscal year ended:	31 March 2020	31 March 2019	31 March 2018
Dividend per share (in €)	-	€5.50	€0.35
TOTAL	-	€1,233,674,123.00	€77,773,664.85

See the section entitled "Financial Statements – Statutory Financial Statements – Appropriation of net income".

ELEMENTS LIABLE TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING

(Disclosure pursuant to article L. 22-10-11 of the French Commercial Code)

Structure of the Company's share capital

A table detailing the structure of Alstom's share capital is presented in section entitled "Additional Information – Information on the share capital – Ownership of Alstom shares".

Provisions of the Articles of Association restricting the exercise of voting rights and share transfers

There is no Articles of Association restriction other than the restriction referred to in Article 7 of the Articles of Association, which provides for the loss of voting rights under certain conditions in the event of a failure to disclose to the Company the crossing of shareholding or voting rights thresholds. See the section entitled "Additional Information – Special provisions of the Articles of Association – Notification of holdings exceeding certain percentages".

Provisions of agreements of which the Company is aware pursuant to article L. 233-11 of the French Commercial Code

None.

Direct or indirect shareholdings in the Company

Readers are invited to refer to the section entitled "Additional information – Information on the share capital – Ownership of Alstom shares", which describes the share capital as at 31 March 2021 and the reports made in the 2020/21 fiscal year on the crossing of the legal ownership thresholds defined in the Articles of Association and by law.

List of holders of any security granting special control rights

None.

Control mechanisms contemplated by any employee shareholding schemes

The rules of the Alstom company mutual fund ("FCPE Alstom") provide that voting rights are exercised by FCPE Alstom's Supervisory Board and not directly by the employees.

Therefore, only the FCPE Alstom Supervisory Board is authorised to decide on the answer to be provided in the event of any public offer. FCPE Alstom held 0.59% of the Company's share capital and 0.59% of its voting rights at 31 March 2021.

Shareholders' agreements that may lead to restrictions on the transfer of shares and the exercise of voting rights

To Alstom's knowledge, there are no shareholders' agreements that are liable to lead to restrictions on the transfer of Alstom's shares or the exercise of voting rights. See also the section entitled "Additional Information – Information on the share capital – Ownership of Alstom shares".

Specific rules applicable to the appointment and replacement of Directors and amendments to the Company's Articles of Association

None.

Powers of the Board of Directors

The Annual Shareholders' Meeting held on 8 July 2020 authorised the Board of Directors to carry out share buybacks within the limits set by applicable laws and regulations, except during any public offering period in respect of the Company's securities.

It will be proposed to the 2021 Annual Shareholders' Meeting to renew this authorisation under the terms detailed above, excluding the use of such authorisation during any public offering period. See also the section entitled "Additional Information – Information on the share capital – Share buybacks".

Agreements that may be amended or terminated in the event of a change of control of the Company

The financing agreements, the terms of bonds issues and certain bonding programmes of the Group include change of control clauses.

Alstom's two outstanding bond issues contain change of control and ratings downgrade clauses that allows any bondholder to request the early repayment (at par) of its bonds, in whole or in part, during a specific period following the announcement of a change of control of Alstom that leads to a downgrade of Alstom's credit rating to a rating of less than Baa3 or BBB- (a non-investment grade rating).

The €1.5 billion revolving credit facility (which currently matures in October 2025) and the €1.75 billion revolving credit facility (which currently matures in August 2022) both contain a change of control clause that allows each financial institution which is a party to that agreement to demand the early repayment of its participation and to cancel its credit commitment in the event of a change of control of Alstom. Neither of these revolving facilities were drawn at 31 March 2021.

The committed bonding facility of a maximum amount of €9 billion (currently maturing in March 2023) also contains a change of control clause which may notably result in the program being suspended, in the obligation to procure new bonds to replaces outstanding bonds or to provide cash collateral, as well as early reimbursement of the other debts of the Group, as a result of their cross-default or cross-acceleration provisions. For further information on these credit lines and facilities, see Note 32 to the consolidated financial statements.

Agreements providing indemnities to Directors or employees if they resign or are dismissed without actual and serious reason or if their employment ends due to a public offer

None. See the section entitled "Corporate governance – Report on corporate governance".

RELATIONS WITH SHAREHOLDERS

The mission of the Investor Relations team is to provide the financial community (individual and institutional investors and financial analysts) with complete and up to date information on the Group's financial situation, strategy and development.

Stock market news

On 31 March 2020, the share price closed at €42.52 and the Group's market capitalisation stood at €15.8 billion.

Keeping investors informed

www.alstom.com

The "Finance" section of the Alstom website is freely accessible and was specifically designed to provide shareholders with all information relating to the Group's financial communications: share price, the ability to download historical price data, as well as financial results, presentations, Universal Registration Documents, Registration Documents, dates of important meetings and responses to frequently asked questions. Printed copies of the Universal Registration Document can be obtained in French and English by sending a request to the Investor Relations Department.

SHARE LISTING

Alstom share at 31 March 2021

ALO
LISTED
NYSE
EURONEXT
PARIS

Listing market:	Euronext Paris
ISIN Code:	FR0010220475
Stock code:	ALO
Nominal value:	€7
Number of shares:	371,201,793
Stock market capitalisation:	€15,783,500,238
Main indices:	CAC Next 40, SBF 120, Euronext 100

Contacts

E-mail: investor.relations@alstomgroup.com

France: Toll free number from France – 0800 50 90 51, from Monday to Friday, from 9 am to 6 pm.

From abroad: + 33 1 57 06 87 78 (call will be charged at your local operator's rate).

Alstom – Investor Relations

48, rue Albert-Dhalenne
93400 Saint-Ouen-sur-Seine
France

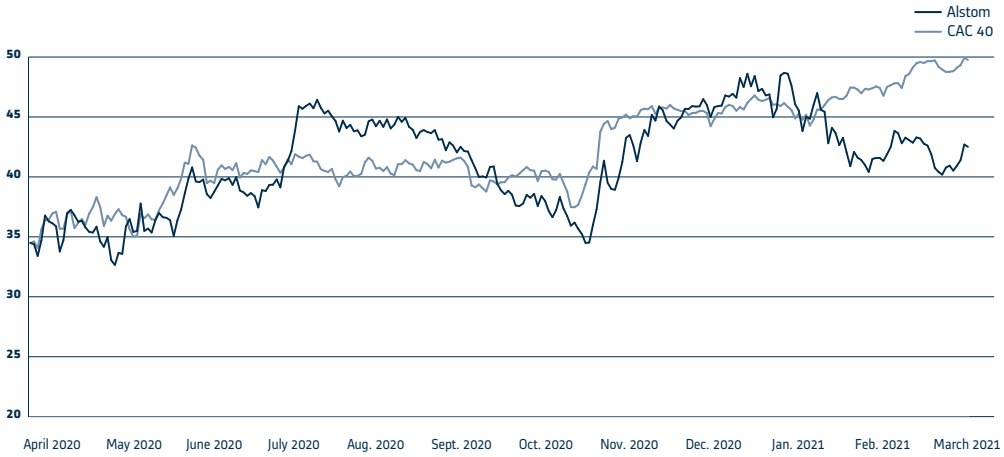
Director – Investor Relations: Julie Morel

Deputy Director – Investor Relations: Claire Lepelletier

Alstom's shares have not been listed on the London Stock Exchange since 17 November 2003, or on the New York Stock Exchange since 10 August 2004.

The Company has elected not to create or otherwise sponsor an American Depositary Receipt (ADR) facility in respect of its shares. Consequently, any ADR facility currently in existence is "unsponsored" and has no ties whatsoever to the Company. This means that the Company cannot be relied upon to ensure the proper operation of such a facility or to protect the rights of ADR holders, and the Company expressly disclaims any liability or submission to jurisdiction to any courts in the United States in respect of such facility. Persons choosing to deposit Alstom shares into such a facility or to acquire ADRs issued from such a facility do so at their own risk and on the basis of their own analysis of such facility.

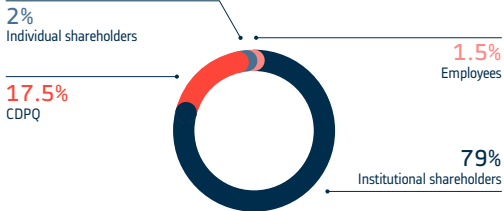
CHANGE IN SHARE PRICE (in €) – APRIL 2020/MARCH 2021



Alstom basis as of 1st April 2020: €34.50
Source: Nasdaq IR Insight

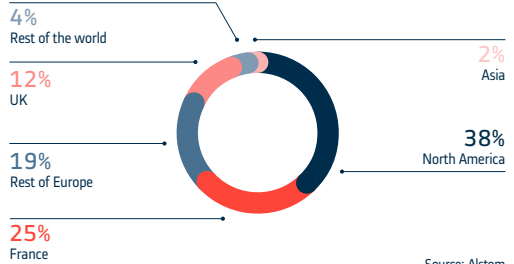
Shareholding structure

According to a shareholder study carried out by Euroclear France and Q4 on the 20 May 2021, adjusted by the sale on 2 June 2021 by Bouygues S.A. of 11 million of Alstom shares and the employees shareholding as of May 2021, the share capital was distributed as follow:



Source: Alstom

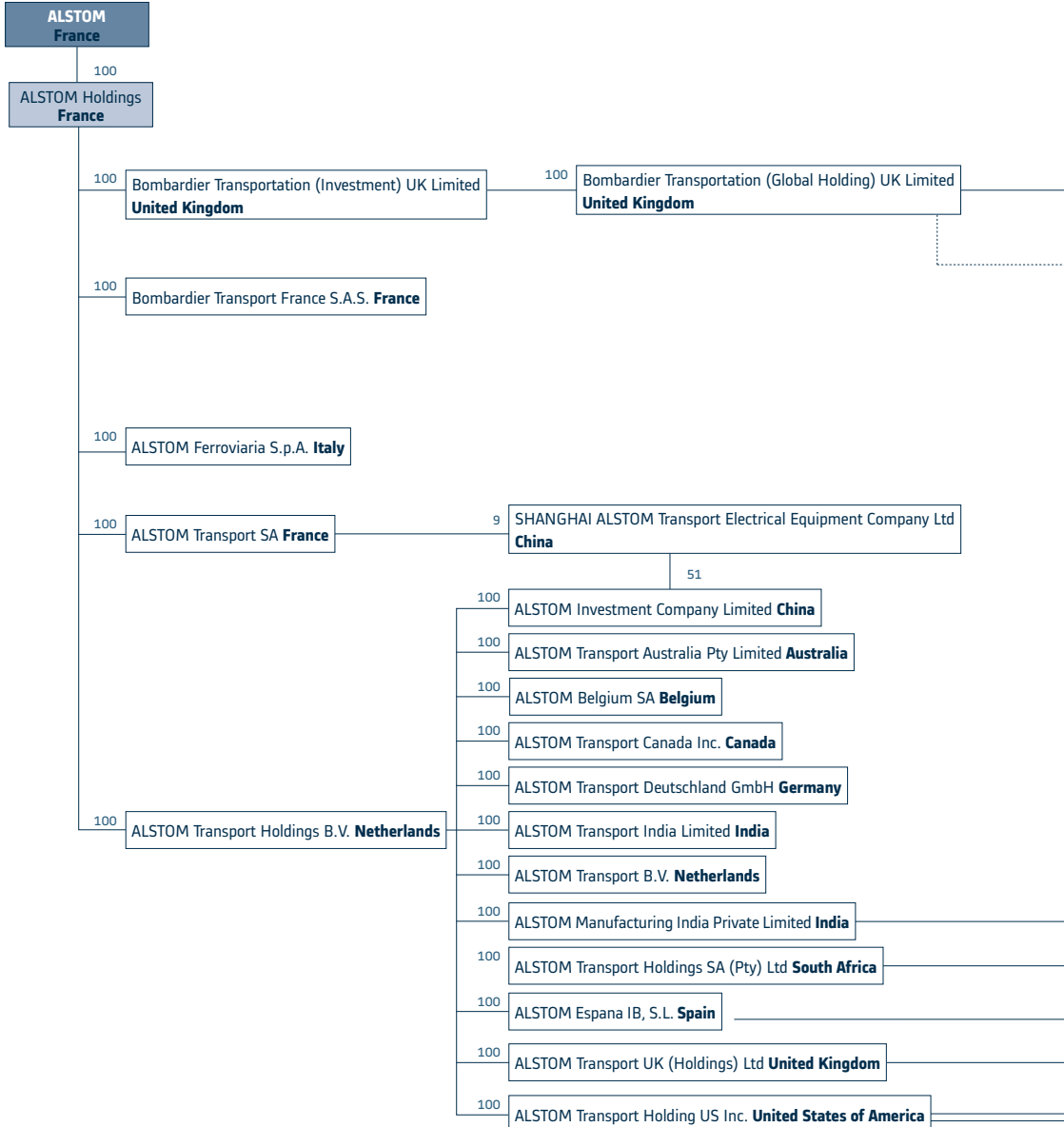
SHAREHOLDING BY GEOGRAPHIC ZONE



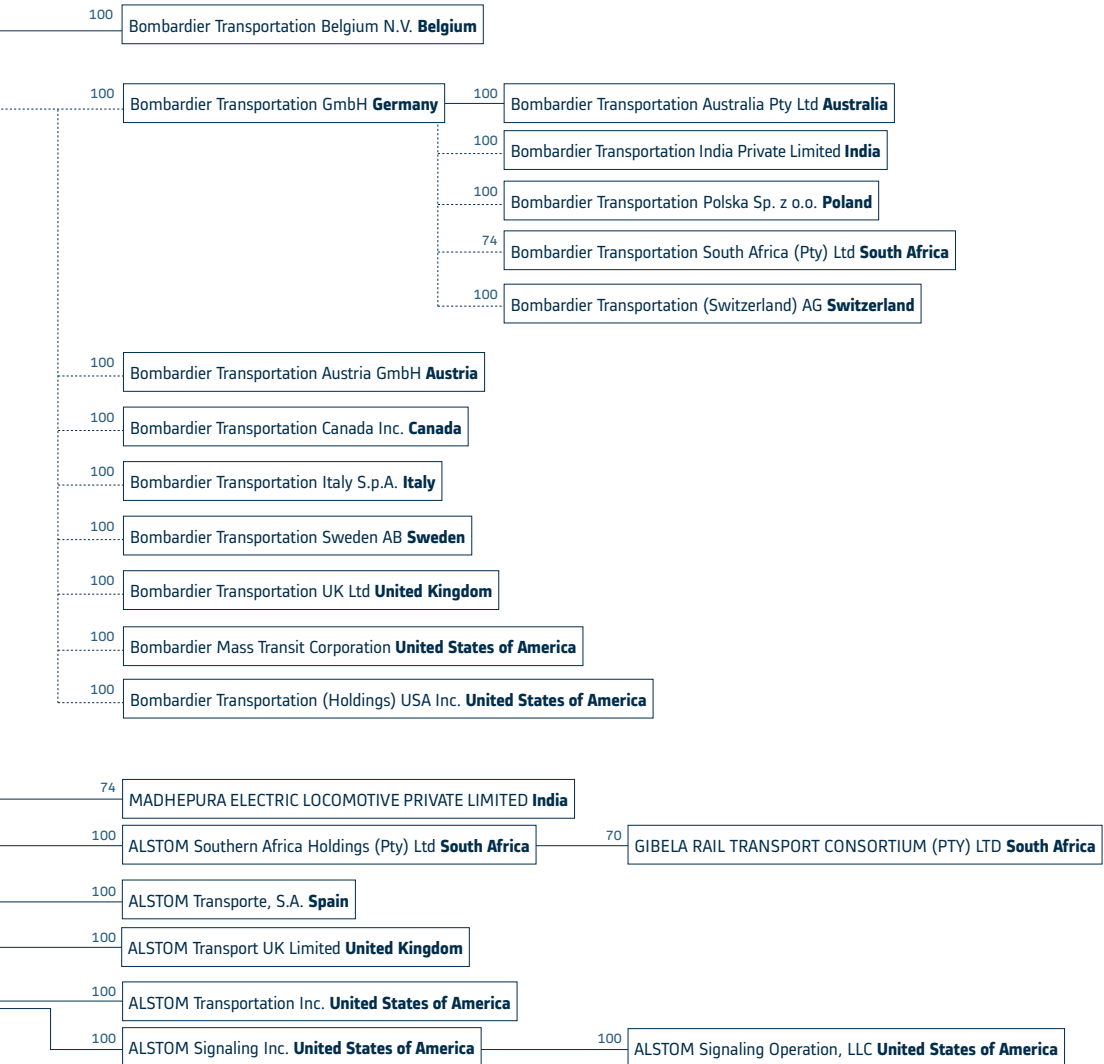
Source: Alstom

➤ Simplified organisation chart of the Group as of 31 March 2021

The full list of companies included in the scope of consolidation as of 31 March 2021 is set forth in Note 37 to the consolidated financial statements.



— Direct owning percentage, also corresponding to the direct controlling percentage (voting rights)
 Indirect owning percentage, also corresponding to the indirect controlling percentage (voting rights)



➤ Information on the Universal Registration Document

INFORMATION INCLUDED BY REFERENCE

Pursuant to Article 19 of EU Regulation No. 2017/1129 of 14 June 2017, the following information is included by reference in this Universal Registration Document:

- the consolidated and statutory financial statements for the fiscal year ended 31 March 2020, the Auditors' reports relating thereto and the Group's management report, as shown at pages 38 to 106, 111 to 125, 107 to 110, 126 to 129 and 23 to 35, respectively, of Universal Registration Document no. D.20-0508 filed with the AMF on 2 June 2020; and
- the consolidated and statutory financial statements for the fiscal year ended 31 March 2019, the Auditors' reports relating thereto and the Group's management report, as shown at pages 34 to 104, 109 to 122, 105 to 108, 123 to 125 and 22 to 32, respectively, of Registration Document No. D.19-0526 filed with the AMF on 28 May 2019.

The sections of such documents that are not included here are either not relevant for the investor or are covered in another part of this Universal Registration Document.

PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Mr. Henri Poupart-Lafarge

Chairman and Chief Executive Officer

Alstom

DECLARATION BY THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

This is a free translation of the statement signed and issued in French language by the Chairman & Chief Executive Officer of the Company and is provided solely for the convenience of English-speaking readers.

I hereby declare that the information contained in this Universal Registration Document is, to my knowledge, true and accurate and contains no omission that could make it misleading.

I declare that, to my knowledge, the accounts have been established in accordance with applicable accounting standards and give an accurate description of the assets, financial situation and results of the Company and of all companies included within the scope of consolidation, and that the Management Report referred to in the reconciliation table on pages 364 to 367 of this Universal Registration Document presents an accurate picture of the evolution of the activity, results, and financial situation of the Company and of all companies included with the scope of consolidation and that it describes the main risks and uncertainties they face.

Saint-Ouen-sur-Seine, 6 July 2021

Henri Poupart-Lafarge
Chairman & Chief Executive Officer

➤ Annual financial report reconciliation table

To facilitate the consultation of this document, the following reconciliation table identifies within this Universal Registration Document the information that constitutes the annual financial report that must be published by listed companies pursuant to articles L. 451-1-2 of the French Monetary Financial Code and 222-3 of the AMF's General Regulation.

Information	Pages of the Universal Registration Document
Consolidated financial statements	Pages 46 to 121
Annual financial statements	Pages 135 to 147
Management report (Minimum information within the meaning of article 222-3 of the AMF's General Regulation)	See the table of reconciliation of the management report (pages 364 to 367)
Certification by the person responsible	Page 362
Report from the Statutory Auditors on the consolidated financial statements	Pages 122 to 126
Report from the Statutory Auditors on the annual financial statements	Pages 148 to 151

➤ Table of reconciliation – Management report (to which the report on corporate governance and the extra-financial performance statement is attached)

No. and required information	Reference texts	Chapter / Pages
1. SITUATION AND ACTIVITY OF THE GROUP		
1.1 Situation of the Company during the previous fiscal year and objective and exhaustive analysis of the evolution in the Company's and Group's business, results and financial situation, in particular its debt position, in view of the volume and complexity of the business	Articles L. 225-100-1, I., 1°, L. 232-1, II, L. 233-6 and L. 233-26 of the French Commercial Code	Chapter 2 / pages 30 to 39
1.2 Key financial performance indicators	Article L. 225-100-1, I., 2° of the French Commercial Code	Chapter 2 / pages 31; 39 to 42
1.3 Key non-financial performance indicators relating to the Company's and Group's specific activity, in particular information relating to environmental and personnel matters	Article L. 225-100-1, I., 2° of the French Commercial Code	Chapter 6 / pages 327 to 330
1.4 Significant events that occurred between the fiscal year closing date and the date of the Management Report	Articles L. 232-1, II, and L. 233-26 of the French Commercial Code	Chapter 2 / page 39 Chapter 3 / page 111
1.5 Main shareholders and holders of voting rights at Shareholders' Meetings, and changes that occurred during the fiscal year	Article L. 233-13 of the French Commercial Code	Chapter 7 / pages 349 to 353
1.6 Existing branches	Article L. 232-1, II of the French Commercial Code	Chapter 7 / pages 339 and 340
1.7 Significant acquisitions of shares in companies with registered offices located in France	Article L. 233-6 al. 1 of the French Commercial Code	Chapter 7 / page 341
1.8 Disposals of cross-shareholdings	Articles L. 233-29, L. 233-30 and R. 233-19 of the French Commercial Code	N/A
1.9 Foreseeable changes in the Company's and Group's situation and future prospects	Articles L. 232-1, II and L. 233-26 of the French Commercial Code	Chapter 1 / pages 12 to 14
1.10 Research and development activities	Articles L. 232-1, II and L. 233-26 of the French Commercial Code	Chapter 1 / pages 25 to 27
1.11 Table setting out the Company's results for each of the last five fiscal years	Article R. 225-102 of the French Commercial Code	Chapter 3 / page 152
1.12 Information on supplier and customer payment terms	Article D. 441-4 of the French Commercial Code	Chapter 3 / page 153
1.13 Amount of intercompany loans granted and statement from the Statutory Auditor	Articles L. 511-6 and R. 511-2-1-3 of the French Monetary and Financial Code	N/A
2. INTERNAL CONTROL AND RISK MANAGEMENT		
2.1 Description of principal risks and uncertainties faced by the Company	Article L. 225-100-1, I., 3° of the French Commercial Code	Chapter 4 / pages 156 to 174
2.2 Information about the financial risks tied to the effects of climate change and presentation of the measures the Company takes to reduce these risks by implementing a low-carbon strategy in all areas of its business	Article L. 22-10-35, 1° of the French Commercial Code	Chapter 6 / pages 262 to 272
2.3 Principal characteristics of the internal control and risk management procedures that are put in place, by the Company and by the Group, with respect to the preparation and processing of accounting and financial information	Article L. 22-10-35, 2° of the French Commercial Code	Chapter 4 / pages 175 to 180

No. and required information	Reference texts	Chapter / Pages
2.4 Information on the objectives and policy covering each principal transaction category and on the exposure to price, credit, liquidity, and treasury risks, including the use of financial instruments	Article L. 225-100-1., 4° of the French Commercial Code	Chapter 3 / pages 87 to 95 Chapter 4 / page 174
2.5 Anti-corruption programme	French law no. 2016-1691 dated 9 December 2016 (known as the “Sapin 2” law)	Chapter 4 / pages 172 to 173 Chapter 6 / pages 297 to 300
2.6 Vigilance plan and report on the effective implementation thereof	Article L. 225-102-4 of the French Commercial Code	Chapter 6 / pages 315 to 317

3. REPORT ON CORPORATE GOVERNANCE

Information on compensation

3.1 Compensation policy applicable to corporate officers	Article L. 22-10-8, I., para. 2 of the French Commercial Code	Chapter 5 / pages 217 to 226
3.2 Compensation and benefits of any kind paid during the previous fiscal year or awarded in respect of such fiscal year to each corporate officer	Article L. 22-10-9, I., 1° of the French Commercial Code	Chapter 5 / pages 226 to 230
3.3 Relative proportion of fixed and variable compensation	Article L. 22-10-9, I., 2° of the French Commercial Code	Chapter 5 / pages 222 and 226
3.4 Use of the option to request the return of variable compensation	Article L. 22-10-9, I., 3° of the French Commercial Code	N/A
3.5 Commitments of any kind made by the Company to the benefit of its corporate officers, corresponding to compensation, indemnities or benefits due or that are likely to be due as a result of taking office or the cessation or a change in their duties or after the exercise thereof	Article L. 22-10-9, I., 4° of the French Commercial Code	Chapter 5 / pages 225 and 226
3.6 Compensation paid or allocated by a company included in the scope of consolidation within the meaning of article L. 233-16 of the French Commercial Code	Article L. 22-10-9, I., 5° of the French Commercial Code	N/A
3.7 Ratios between the compensation of each corporate officer and the average and median compensation of the Company’s employees	Article L. 22-10-9, I., 6° of the French Commercial Code	Chapter 5 / pages 233 and 234
3.8 Annual change in compensation, the Company’s performance, average employee compensation and the above-mentioned ratios over the five most recent fiscal years	Article L. 22-10-9, I., 7° of the French Commercial Code	Chapter 5 / pages 233 and 234
3.9 Explanation on how overall compensation complies with the adopted compensation policy, including how it contributes to the Company’s long-term performance and the way in which the performance criteria were applied	Article L. 22-10-9, I., 8° of the French Commercial Code	Chapter 5 / pages 227 to 230
3.10 Manner in which the vote of the last Ordinary General Meeting provided for by article L. 22-10-34 I of the French Commercial Code was taken into account	Article L. 22-10-9, I., 9° of the French Commercial Code	N/A
3.11 Departure from the compensation policy implementation procedure and any exemptions	Article L. 22-10-9, I., 10° of the French Commercial Code	N/A
3.12 Application of the provisions of the second paragraph of article L. 225-45 of the French Commercial Code (suspension of the payment of compensation to directors in the event gender diversity on the Board of Directors is not complied with)	Article L. 22-10-9, I., 11° of the French Commercial Code	N/A
3.13 Award and retention of options by the corporate officers	Article L. 225-185 of the French Commercial Code	Chapter 5 / page 224
3.14 Award and retention of free shares to executive corporate officers	Articles L. 225-197-1 and L. 22-10-59 of the French Commercial Code	Chapter 5 / page 224

Information on governance

3.15 List of all appointments and duties exercised in any company by each officer during the fiscal year	Article L. 225-37-4, 1° of the French Commercial Code	Chapter 5 / pages 191 to 200
3.16 Agreements between an executive or significant shareholder and a subsidiary	Article L. 225-37-4, 2° of the French Commercial Code	Chapter 3 / page 110
3.17 Table summarising the valid delegations regarding share capital increases granted by the General Meeting	Article L. 225-37-4, 3° of the French Commercial Code	Chapter 7 / pages 343 to 346

TABLE OF RECONCILIATION – MANAGEMENT REPORT

No. and required information	Reference texts	Chapter / Pages
3.18 Manner general management is exercised	Article L. 225-37-4, 4° of the French Commercial Code	Chapter 5 / page 187
3.19 Composition, preparation and organisation of the work of the Board of Directors	Article L. 22-10-10, 1° of the French Commercial Code	Chapter 5 / pages 185; 205 to 209
3.20 Application of the principle of balanced representation of men and women on the Board of Directors	Article L. 22-10-10, 2° of the French Commercial Code	Chapter 5 / pages 184 and 185; 189 and 190
3.21 Any limits the Board of Directors imposes on the powers of the Chief Executive Officer	Article L. 22-10-10, 3° of the French Commercial Code	Chapter 5 / page 187
3.22 Reference to a Corporate Governance Code and application of the “comply or explain” principle	Article L. 22-10-10, 4° of the French Commercial Code	Chapter 5 / pages 184 and 237
3.23 Special terms applicable to shareholder participation in General Meetings	Article L. 22-10-10,5° of the French Commercial Code	Chapter 7 / page 337
3.24 Procedure for evaluating ordinary course agreements – implementation	Article L. 22-10-10, 6° of the French Commercial Code	Chapter 5 / page 201
3.25 Information liable to have an impact in the event of a public tender or exchange offer: <ul style="list-style-type: none"> <li data-bbox="173 729 400 748">• Company’s capital structure; <li data-bbox="173 753 756 815">• restrictions in the articles of association on the exercise of voting rights and share transfers, or clauses of agreements reported to the Company in accordance with article L. 233-11; <li data-bbox="173 820 756 862">• direct and indirect stake-holdings in the Company’s share capital of which the Company is aware by virtue of articles L. 233-7 and L. 233-12; 	Article L. 22-10-11 of the French Commercial Code	Chapter 7 / page 356
<ul style="list-style-type: none"> <li data-bbox="173 889 756 933">• list of holders of any security carrying special control rights and description of such rights; <li data-bbox="173 939 756 982">• control mechanisms provided for in any personnel shareholding system when the control rights are not exercised by the personnel; <li data-bbox="173 988 756 1031">• agreements between shareholders of which the Company is aware and which can lead to restrictions on the transfer of shares and the exercise of voting rights; <li data-bbox="173 1037 756 1081">• rules that apply to the nomination and replacement of members of the Board of Directors and to changes in the articles of association; <li data-bbox="173 1086 756 1130">• powers of the Board of Directors, in particular as they relate to the issuance or buy backs of shares; <li data-bbox="173 1135 756 1208">• agreements entered into by the Company that are modified or terminate in the event of a change of control of the Company, unless this disclosure would seriously compromise the Company’s interests (excluding cases where there is a legal disclosure obligation); <li data-bbox="173 1213 756 1275">• agreements providing for indemnities for members of the Board of Directors or employees if they resign or are terminated without a genuine and serious reason or if their employment ends due to a public tender or exchange offer. 	Article L. 22-10-11 of the French Commercial Code	Chapter 7 / page 357
4. SHAREHOLDING AND CAPITAL		
4.1 Structure, evolution of the Company’s capital and crossing of shareholding thresholds	Article L. 233-13 of the French Commercial Code	Chapter 7 / pages 347 to 353
4.2 Acquisitions and disposals by the Company of its own shares	Article L. 225-211 of the French Commercial Code	Chapter 7 / pages 354 to 355
4.3 Employee shareholding status on the last day of the fiscal year (proportion of capital represented)	Article L. 225-102, para. 1 of the French Commercial Code	Chapter 7 / page 350
4.4 Indication of any adjustments for securities giving access to the capital in the event of share buy backs or financial transactions	Articles R. 228-90 and R. 228-91 of the French Commercial Code	Chapter 7 / page 354
4.5 Information about transactions in the Company’s securities by executives and related persons	Article L. 621-18-2 of the French Monetary and Financial Code	Chapter 5 / pages 247 to 248
4.6 Amount of dividends distributed in respect of the three prior fiscal years	Article 243 <i>bis</i> of the French Tax Code	Chapter 7/ page 356

No. and required information	Reference texts	Chapter / Pages
5. EXTRA-FINANCIAL PERFORMANCE STATEMENT (DÉCLARATION DE PERFORMANCE EXTRA-FINANCIÈRE)		
5.1 Business model (or commercial model)	Articles L. 225-102-1 and R. 225-105, I of the French Commercial Code	Chapter 1 / pages 10 and 11
5.2 Description of the principal risks tied to the Company's or Group's activity, including where relevant and proportionate, risks created by business relationships, products or services	Articles L. 225-102-1 and R. 225-105, I. 1° of the French Commercial Code	Chapter 4 / page 156 Chapter 6 / pages 260 to 261
5.3 Information on the way the Company or the Group takes social and environmental consequences into account in its activity and the effects of this activity in relation to human rights and the fight against corruption (description of policies applied and reasonable due diligence procedures carried out to prevent, identify and mitigate the principal risks tied to the Company's or Group's business)	Articles L. 225-102-1, III, R. 225-104 and R. 225-105, I. 2° of the French Commercial Code	Chapter 6 / pages 254 to 259; 297 to 300; 304 to 306
5.4 Results of the policies applied by the Company or Group, including key performance indicators	Articles L. 225-102-1 and R. 225-105, I. 3° of the French Commercial Code	Chapter 6 / pages 258 and 259; 327 to 330
5.5 Labour information (employment, work organisation, health and safety, labour relations, training, equal treatment)	Articles L. 225-102-1 and R. 225-105, II. A. 1° of the French Commercial Code	Chapter 6 / pages 272 to 288; 321 to 324
5.6 Environmental information (general environmental policy, pollution, circular economy, climate change)	Articles L. 225-102-1 and R. 225-105, II. A. 2° of the French Commercial Code	Chapter 6 / pages 262 to 272; 317 to 320
5.7 Social information (social commitments favouring sustainable development, subcontracting and suppliers, fair practices)	Articles L. 225-102-1 and R. 225-105, II. A. 3° of the French Commercial Code	Chapter 6 / pages 288 to 304
5.8 Information regarding the fight against corruption	Articles L. 225-102-1 and R. 225-105, II. B. 1° of the French Commercial Code	Chapter 6 / pages 297 to 300
5.9 Information relating to actions favouring human rights	Articles L. 225-102-1 and R. 225-105, II. B. 2° of the French Commercial Code	Chapter 6 / pages 304 to 306
5.10 Specific information:	Article L. 225-102-2 of the French Commercial Code	N/A
<ul style="list-style-type: none"> • Company's policy on the prevention of risks of technological accidents; • ability of the Company to cover its civil liability resulting from the operation of such facilities with respect to goods and persons; • means provided for by the Company to ensure that victims are indemnified in the event of technological accident for which it is responsible. 		
5.11 Collective agreements applicable within the Company and their impacts on the Company's economic performance and on employee working conditions	Articles L. 225-102-1, III and R. 225-105 of the French Commercial Code	Chapter 6 / page 324
5.12 Certification from the independent third-party organisation on the information presented in the Extra-Financial Performance Statement	Articles L. 225-102-1, III and R. 225-105-2 of the French Commercial Code	Chapter 6 / page 313
6. OTHER INFORMATION		
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6.2 Injunctions or financial sanctions for anti-competitive practices	Article L. 464-2 of the French Commercial Code	Chapter 3 / pages 106 and 107

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côtécorp.
Tel.: +33 (0)1 55 32 29 74

Alstom

Société anonyme with share capital €2,603,304,935

48, rue Albert Dhalenne

93 400 Saint-Ouen-sur-Seine – France

RCS: 389 058 447 Bobigny

Phone: +33 1 57 06 90 00

www.alstom.com

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