



## SHAREHOLDERS' MEETING OF 28 JULY 2021

### ANSWERS FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER<sup>1</sup>

#### A. ANSWERS TO THE WRITTEN QUESTIONS RECEIVED FROM FORUM POUR L'INVESTISSEMENT RESPONSABLE<sup>2</sup>

##### ENVIRONMENT

**1. What CAPEX amounts are planned up to 2025 to be in line with the Paris Agreement? How will these CAPEX amounts be allocated across the entire value chain between maintenance CAPEX and growth CAPEX? What is the geographical breakdown?**

Alstom does not communicate publicly on the details of CAPEX amounts. The majority of CAPEX and R&D expenditure is allocated to the development of sustainable mobility solutions and associated operational resources.

**2. How do you limit the impact of biodiversity loss on your future revenue? Please give details of the indicators and means deployed.**

Alstom carries out an annual analysis of the Group's non-financial risks. Biodiversity loss is not considered to be a material risk for the Group.

**3. How are you planning for the depletion of certain natural resources and difficulties in the supply of your strategic resources? How does this affect your business models and how do you safeguard your supply chains?**

The use of critical materials has been mapped out by the eco-design teams, which will, in the future, enable us to define and implement mitigation measures. This year, Alstom drew up its Circular Economy Roadmap, with a focus on three areas:

- Design and production: integrating the circular economy into the design and production of our solutions;
- Maintenance and modernisation: increasing the lifespan of components, promoting solutions for repair and reuse and developing local repair centres;
- Waste management and recycling: reinforcing waste recycling programmes while contributing to the development of local businesses, recycling critical materials

##### SOCIAL

**4. To minimise the adverse impact of the current crisis, solidarity among economic stakeholders, both large and small businesses, seems necessary. How is your group adapting its purchasing or sales practices, both nationally and internationally, to support suppliers or customers affected by the crisis? Do you have differentiated policies for micro-enterprises and SMEs? Has the crisis prompted you to make structural changes to your policies in this area?**

All over the world, Alstom teams have been mobilised in the fight against the Covid-19 pandemic, donating masks and other protective equipment to hospitals, local communities and partners, using 3D technology to manufacture visors, and organising volunteer work to support affected communities. More than 216,000 masks and other protective equipment (gloves, visors, hand sanitizer gel, etc.) were donated, as well as over €154,000 in financial donations (mainly for medical equipment, protective clothing and food banks). The Alstom Foundation's budget increased from €1.5 million to €1.9 million in 2020/21, which enabled more projects to be selected this year, with a particular focus on projects related to the effects of Covid-19.

<sup>1</sup> Acting on the authority of the Board of Directors on 10 May 2021, in accordance with Article L. 225 208 of the French Commercial Code

<sup>2</sup> Questions received on 8 June 2021

In addition to this, Alstom's Healthier Mobility™ solutions portfolio, which consists 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 passenger health and ensuring the reliability and durability of rail equipment. Alstom has entered into partnerships with internationally recognised players such as Bureau Veritas, health and virology labs and operators.

Finally, in response to the Covid-19 health crisis, Alstom's Purchasing Department set up a "Covid-19 Control Tower" to guarantee constant contact with suppliers and subcontractors. The aim was to identify alerts related to delivery time and production capacity, but also to support smaller organisations in this unprecedented situation. In October 2020, Bpifrance and CARE (Competitiveness, Accompaniment, Rail and Employment), the rail sector association created by Alstom and Bombardier, launched a strategic partnership aimed at supporting and accompanying, in the very short term, French railway sector SMEs and SMIs affected by the Covid-19 pandemic. Through this programme, Bpifrance and CARE provide companies with diagnostic advice on matters regarding recovery, cash management and supply chain to help companies redefine their strategy in the current economic and pandemic context.

Alstom has also been a member of the association Pacte PME since its creation in 2010. This association brings together 50 companies (large public and private corporations) and 35 professional organisations with the aim of facilitating and strengthening cooperation between large groups and SMEs. As part of this association, Alstom supports SMEs through targeted efforts in three main areas: innovation, pooling of resources and international development. In January 2020, Alstom took part in the new edition of the "Destination ETI Express" programme. The aim of this edition was to help strengthen the strategic and managerial expertise of 18 CEOs of SMEs to accelerate the transformation of their companies.

**5. At group level, how are you managing the social impact of the surge in remote working since the start of the pandemic? Particularly in terms of managing psychosocial risks, coverage of certain costs, employee satisfaction surveys, reversal of employee choices, percentage of employees working from home, etc.**

Since the start of the Covid-19 epidemic, Alstom has taken various steps to help employees adapt to new working methods (tailored inductions for new employees during lockdown, etc.), reinforced its Employee Assistance Programme (EAP) in many countries, applied flexible measures for working parents and distributed a manual of best practices.

A number of local initiatives were launched during the lockdowns, in several countries, such as:

- Italy: A cycle of webinars on psychological, physical and emotional wellbeing (3 webinars: Mindfulness; How to manage your emotions; How to look after your psychophysical wellbeing during intellectual work)
- North America: a cycle of webinars for all employees on how to prevent risks in the new remote working environment
- UK & Ireland: launching the mental health support programme MIND, webinars with managers on how to deal with mental health issues in the particular context of remote working
- Australia: local promotion of the RUOK campaign, involving the appointment of mental health ambassadors.

The Group has also implemented and adjusted its training programmes and tools to deal with this new situation. Notably by strengthening remote management (specific training on the subject, using remote solutions to ensure training continuity, training employees to help them adjust to lockdown and homeworking conditions, and change management training), and implementing a large-scale programme (Discovery Challenge) as part of the integration of Bombardier Transportation, aimed at creating a shared sense of belonging among all Group employees.

**6. Do you have a definition of "living wage" that goes beyond the local statutory minimum wage? If so, what is it? How does your company ensure that its employees and those of its suppliers earn a respectable wage?**

In all countries where it does business, the Group has drawn up pay grids in line with median practices in the local wage markets, which go beyond the minimum regulatory requirements. This approach is complemented by a benefits management policy (including health, life and disability insurance) which also aims to ensure that the schemes made available to employees are in line with local median practices and Group standards.

As far as our suppliers are concerned, we adjust our approach to the local context. For example, in Qatar we are very careful not to pay employees/workers according to their nationality, although this is common practice in the country. We share minimum wage grids with our subcontractors for the respective professions.

We have also developed a responsible purchasing programme for the group. This includes evaluating suppliers and subcontractors on the basis of environmental and social criteria through online assessments and on-site audits carried out by Alstom teams and, as of this year, by specialised external auditors.

**7. Do the terms of your employee profit-sharing agreements in France take environmental and social criteria into account? If so:**

- What are these criteria? Have they changed since 1 April 2020?
- What proportion of these criteria are included in the profit-sharing calculation? Has it changed in the last year?
- What percentage of employees are affected?

The criteria taken into account in the profit-sharing agreements of our French entities do not, at present, include environmental criteria. The subject is currently under consideration and is being discussed with employee representative bodies. On the other hand, almost all the profit-sharing agreements (7 out of 8 entities, i.e. 99% of Alstom's workforce in France) include a safety criterion (based on the number of workplace accidents). This criterion varies in importance depending on the agreement concerned.

**8. Which of your employee savings funds are covered by a responsibility label (CIES, Finansol, Greenfin, SRI)? For each fund offered, what is the name of the label(s), what percentage of the employee savings amount is certified by a label, what percentage of employees are entitled to invest in the employee savings fund? What percentage of group employees, in France and abroad, also has access to other savings plans taken out by the company, particularly for retirement? What proportion of the assets of this savings plan is managed in a socially responsible manner with "quality indicators"? Which indicators?**

In broad terms, the Group's savings and retirement plans are inclusive, aimed at reflecting cultural and societal changes, and integrating an increasingly diverse workforce. As national schemes come under pressure from an ageing population, longer life expectancy and lower birth rates, the Group has recognised that the focus of social protection is increasingly shifting to individuals and their employers.

Whenever possible locally, the Group aims to obtain "quality indicators" and deploy environmental labels for its programmes. In those cases where the Group is responsible for investing and managing assets in connection with these schemes, it works with consulting and actuarial firms to obtain CSR ratings (score of 1 to 4) in order to select the necessary fund managers.

In France, concerning employee saving schemes and within the Alstom scope (excluding recent acquisitions: Bombardier Transportation, Ibre, Hydrogène and Flertex), two SRI funds are currently in place (Humanis Monétaire ISR and Multipar Actions Soc Responsable). The Group Savings Plan (and associated SRI funds) are offered to all employees of Alstom's French subsidiaries (excluding the recent acquisitions mentioned above). The total amount invested by savers (employees and former employees) in SRI funds represents 13% of the total Group Savings Plan.

Regarding pension schemes, all employees of French entities (excluding recent acquisitions and Alstom Executive Management) have access to a PERCO-type plan. For engineers and senior executives, this is supplemented with an Article 83-type plan. The PERCO also has an SRI fund (Humanis Monétaire ISR) which represents 19% of the funds invested.

## GOVERNANCE

**9. Do you apply the public tax reporting standard GRI 207?**

**If so, does your reporting cover all elements specified in this standard and, if not, which elements have you chosen not to publish and why?**

**If you do not apply this standard, what are the reasons for not doing so and do you plan to apply it in the near future (1 to 2 years)?**

**What other steps have you taken or do you plan to take to meet your stakeholders' growing demand for tax transparency?**

At present, the Group's tax reporting is not yet aligned with all the elements required by the GRI 207 standard. Nevertheless, Alstom does disclose information related to fighting tax evasion, such as tax strategy governance, in its Extra-Financial Performance Declaration, as per the requirements of French anti-fraud law n°2018-898 of 23 October 2018.

Information items 207-1 on the approach to tax policy, information items 207-2 on tax governance, risk control and management, and information items 207-4 on Country by Country Reporting are available in the Extra-Financial Performance Declaration.

Alstom's reporting will evolve in the future to take future regulatory changes into account, in particular the availability of European public Country by Country Reporting data to the general public, and not only to tax authorities.

**10. What scope is taken into account for the equity ratios that you publish? What is your analysis of the trend in these ratios? Has this analysis prompted you to adjust your compensation policies? If so, how?**

The scope taken into account in the calculation of equity ratios accounts for more than 97% of the Group's French workforce (excluding the ex-Bombardier Transportation scope). Over the last five fiscal years, the evolution of the ratio has been justified by the Group's performance and the evolution of the Chairman and CEO's remuneration, itself very largely dependent on its variable component, which is aligned with this same performance. As such, it does not call for a change in the Group's compensation policy, the fundamental principles of which (market alignment, internal equity and performance-related pay) remain unchanged.

**11. Regarding the implementation of your group's gender equality policy, could you give us information about the following:**

**(i) The timeframe and quantified objectives - already met or to be met - on matters relevant to this policy (career, training, compensation, work-life balance, etc.) at all levels of responsibility.**

**(ii) Whether this equality policy is applied in all group companies, in France and abroad. If not, why not?**

**(iii) If so, what are the specific means employed to promote gender equality in the countries where you do business and where it is difficult for this concept to gain recognition?**

- (i) As of 31 March 2021, women accounted for 14% of the management team (compared to 21% in the previous executive committee, which was smaller in size). At Group level and within Alstom's historical scope, as of 31 March 2021, women held 16.15% of the most senior positions (top managers and senior managers) and accounted for 22.3% of managers and professionals (compared to 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 (compared to 18.8% and 18.1% on 31 March 2020 and 31 March 2019 respectively). The "Alstom in Motion" (AiM) strategy announced on 24 June 2019 calls for 25% women in management and professional positions by 2025. Alstom has also set a target of 28% women in executive positions by 2025, with intermediate targets of a 1% increase each year. In this respect, two key initiatives will be introduced regarding talent management:
- A review of the female talent pool with leadership skills, and
  - An individual development plan to prepare them for positions with greater responsibilities.

The Group will also conduct a study in the fiscal year 2021/22 to measure the gender pay gap among all its employees, the aim being to define corrective measures for implementation in its future remuneration policy.

- (ii) The aforementioned objectives (concerning the representation of women in the different categories of employees) are global, applied in each Region, with intermediate target levels to be reached each year. The achievement of these objectives will be assessed at the end of each financial year.

- (iii) Several measures have been implemented to meet all these objectives, based on a systemic approach:
- For example, during the past year, the ALSTOM Women of Excellence Network was launched in North America and expanded with networks deployed in France, India, Germany, Austria, Switzerland and the UK. The activities of this network focus essentially on providing women with additional resources and means to develop their leadership skills and manage their careers;
  - Women-only leadership programmes have also been implemented in various countries and 30% of the places in the Global Leadership Programme are reserved for women;
  - Mentoring programmes aimed at providing senior female managers with the potential to assume more senior positions, for example by developing their overall knowledge of the Group's activities, have been implemented globally and in some Regions.
  - Training for members of top management has also been provided throughout the year to combat unconscious bias that prevents women from accessing the same promotion opportunities as men.

**12. How do you formalise your lobbying practices and how do they fit in with your group's CSR strategy? Can you describe your company's chain of responsibility on matters related to lobbying and institutional relations? In which cases can or should the group controlling body (Board of Directors, Supervisory Board) be involved? For each of your international markets, what information do you publish regarding your lobbying practices (public positions, budgets allocated etc.)?**

Alstom's position on this issue is set out in its Universal Registration Document, an excerpt of which follows: "It is sometimes necessary for Alstom 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 points and the extent of their obligations. Face-to-face training sessions and e-learning are essential to explain our policy and E&C rules and processes. Two e-learning modules on the prevention of corruption and competition law have been issued and all exposed employees are officially required to participate in the e-learning exercises. "

Furthermore, in December 2016, France amended its legislation to fight corruption more effectively and increase transparency. A public directory of representatives of interest was created by the French administrative authority HATVP (Haute Autorité pour la Transparence de la Vie Publique), so that affected companies in France can identify and register. This was done by Alstom, which is currently working on identifying and raising awareness of the people potentially concerned within the company. Alstom has submitted the required Annual Activity Report to the French authorities.

Every year, Alstom publishes a document on its website detailing its position in relation to governments, international organisations and think tanks, within the European Union as well as in the United States and Canada. This document also specifies the amounts given to international and French organisations.

The Public Affairs team reports to the Sales Department.

The Alert Procedure allows any employee or third party connected with Alstom to report a violation of the Code of Ethics or Alstom rules and policies, in accordance with applicable legislation.

**13. In practical terms, how do you involve employee representatives, both at group level and locally, in the engagement of your company in a fair transition? Do you intend to publish their views on your vigilance plan? Do you intend to publish their views on your non-financial performance document?**

Two directors representing the employees joined the Alstom Board of Directors on 1 January 2021. In addition, in 2020, Alstom launched a new engagement plan with its internal and external stakeholders. An employee representative was included in the first stage of consultation, relating to the materiality matrix.

**B. ANSWERS TO THE WRITTEN QUESTIONS RECEIVED FROM DEUTSCHE SCHUTZVEREINIGUNG FÜR WERTPAPIERBESITZ E.V. (DSW)<sup>3</sup>**

**1. The ratio of non-audit fees to audit fees for PricewaterhouseCoopers was 185% in the financial year 2020/2021 and 118% over a cumulative period of three years. This means that non-audit fees represent a significant proportion of PricewaterhouseCoopers' revenue from Alstom, raising serious independence concerns. How does the Board, in particular the audit committee, intend to address this issue?**

The subject of auditors' fees in connection with the certification of accounts and with services other than the certification of accounts is, in general, monitored and analysed in great detail by the Audit Committee, which then submits a report to the Board of Directors as part of the prior approval of the services in question.

More specifically, with regard to services other than the certification of accounts that were entrusted to PricewaterhouseCoopers during the 2020/2021 financial year, the Audit Committee has ensured that the applicable regulatory texts were complied with, and that the 70% limit for the invoicing of these services was respected. This threshold is calculated according to a strict methodology which has been respected by Alstom.

The texts stipulate that, for the application of this 70% limit, only the fees invoiced by the auditor, namely PricewaterhouseCoopers Audit, should be taken into account, and not those invoiced by the members of its network.

The high level of fees paid to the PWC network in the 2020/2021 financial year is due in particular to a due diligence operation carried out for the acquisition of Bombardier Transportation and to a consulting assignment in preparation for the integration. These assignments were entrusted to PricewaterhouseCoopers Advisory.

Finally, the acquisition of Bombardier Transportation, and before that the planned merger with Siemens Mobility, were, over the last three years, projects of exceptional magnitude that required the substantial involvement of external experts.

**2. In item 17 of the agenda you ask for authorisation to issue free shares to employees and managers but you do not disclose the performance conditions attached to these shares. Shareholders cannot therefore judge whether the shares will actually be given to the top managers or whether the company has to demonstrate an ambitious performance before the top managers are rewarded. Please let us know the performance conditions of the shares to be granted as part of this delegation. This is especially important given that Mr Lafarge will receive a special allocation for 2021/2022 linked to the acquisition of Bombardier Transportation.**

The performance shares plans granted by the Group for the benefit of its corporate officers (including the Chairman and CEO) are systematically and in their entirety subject to performance conditions, which are strictly aligned with Alstom long-term strategy objectives thus sharing the same level of ambition. It will be the same for the next performance shares plans which will be allocated on the basis of this authorization. As an example, the performance shares plan allocated 4 July 2021 includes internal performance conditions (gross aEbit margin, free cash-flow and reduction of the energy consumption of the solutions proposed to the clients) reflecting the strategy objectives as defined in the AiM 2025 strategy, and an internal condition based on the performance of Alstom share vs a reference index.

Furthermore, it is reminded that the special plan put granted in the context of the acquisition of Bombardier Transportation is also and in its entirety subject to performance conditions (as detailed in the Universal Registration Document) aiming at rewarding the success of the integration of the new Group and defined in accordance with the announcements to the market in 2020 (evolution of the margin of certain specific projects, achievements of synergies, earning per share and level of engagement of the employees).

**3. What is happening with Alstom's implementation of the EU taxonomy regulation that will be applied to reporting from 2022?**

Alstom has put in place a transverse taskforce integrating members from the Finance, CSR, Public Affairs and Ecodesign departments in order to develop a roadmap and implement necessary actions for the disclosure of data on eligible activities at the end of Fiscal Year 2021/22 and on its aligned activities afterwards, in compliance to EU taxonomy regulation.

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<sup>3</sup> Questions received on 15 July 2021

**4. Do you think that the possibilities of raising equity and debt in the future will be affected by the degree of sustainability?**

Sustainability has infused into public conscience, our economy and our financial markets. Choices of consumers keep on highlighting that what is good for society and environment may also be good for companies whereas we note that investors are looking more and more for sustainable investment opportunities and analyze ESG performances. All the more since it is proven that good performance on sustainability criteria is linked with financial performance. In this context, it is granted that the players which are the most committed in an ESG approach will access more easily financing in debt and capital provided they have solid strategy and financial perspectives.

With a core business dedicated to green mobility et strong ESG priorities, Alstom is one of the players committed to a more sustainable society.