SUSTAINABILITY
MATERIALITY MATRIX
Methodology and main
results – 2021

ALSTOM believes that the efficiency of its Sustainability & CSR policy (and related actions) depends on the integration of the expectations of its main internal and external stakeholders (ex. customers, employees, public authorities, shareholders and potential investors, civil society, etc.).

The identification and dialogue with these stakeholders allows ALSTOM to confirm its priority CSR issues. These issues are consolidated in the Group's materiality matrix, presented below.

Early 2021, with the support of an expert third party, Alstom launched a campaign to:
1. Review the existing ALSTOM Stakeholder mapping tool; define a methodology to deploy it locally via the Group's CSR champions; and perform a global stakeholder mapping;
2. Update the list of issues to be integrated in the materiality matrix and identify potentially emerging issues with a 3-5 year time horizon;
3. Launch a new consultation of stakeholders and strategists to build a materiality matrix covering Alstom's new perimeter;
4. Evaluate the importance of selected CSR and Sustainability issues, as well as Alstom's performance on these issues;
5. Enforce transparency and focus its reporting efforts on the most material issues for its business;
6. Onboard stakeholder feedback in the definition of Alstom's updated CSR and Sustainability Strategy.

I.   Mapping of sustainability issues

The mapping of sustainability issues included 3 steps:
- a benchmark of best practices from leaders in the field of stakeholder engagement;
- a review of existing internal CSR and Sustainability analysis tools, such as the annual risk mapping for reporting purposes;
- a comparison with the previous materiality analysis.

18 issues were identified as a result, around five themes : Governance, Human Resources, Sustainable Operations, Products & Services and Society. These issues are listed below and defined in the appendix.

Governance	#1	Responsible Governance
	#2	Business ethics
Human Resources	#3	Employees' and contractors' safety & security
	#4	Employees' health & well-being
	#5	Employee engagement
	#6	Employees' development & talent management
	#7	Diversity & equal opportunity
Sustainable Operations	#8	Sustainable supply-chain
	#9	Human Rights
	#10	Environmental footprint of manufacturing & construction sites
	#11	Resilience to climate change

Products and Services	#12	Contribution to low-carbon mobility
	#13	Environmental footprint of products and solutions
	#14	Customer relations & satisfaction
	#15	Product safety
	#16	Innovation for smart mobility & enhanced passenger experience
Society	#17	Contribution to local socio-economic development
	#18	Community investment

II.   Surveyed populations

The materiality of each issue was assessed through interviews and an online survey. In total more than 100 answers were included in the analysis, with stakeholders from 15 different countries. These included :

- STRATEGISTS, defined as ALSTOM employees (internal stakeholder) holding a strategic position within the Group. Strategists are members of the Executive Committee or Management teams (ex. Directors, VP, etc.).
  They provide a strategic perspective of the Group and its future business outlook(s)

- EXTERNAL STAKEHOLDERS, identified during a workshop with 15 representatives of corporate functions and country CSR Champions. These stakeholders represent the following stakeholder families : Customers, , Business Partners, Financial Partners, Suppliers, NGO & Associations, Passenger associations, Professional Associations, Public Institutions, Academics, Media, Graduates.
  They provide a perception of the Group, based on their (own) experience

Survey

Assessment
Interviews

External stakeholders

Strategists
&
External stakeholders
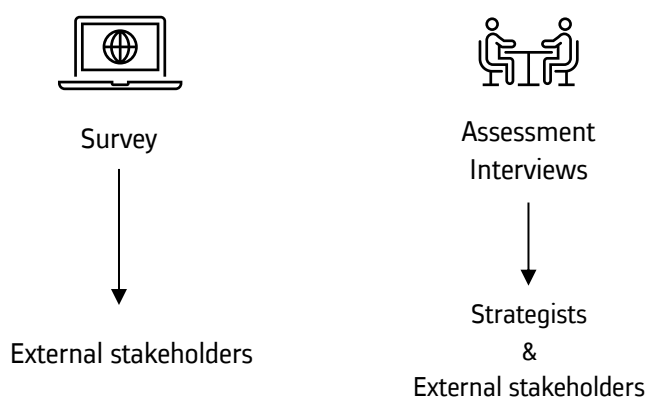
- EMPLOYEES, via the internal Opinion Survey. The feedback from employees on the five most important CSR and Sustainability initiatives at Alstom was integrated.

III. Rating of issues

- For each issue, both the **importance & performance levels** have been assessed, as follows:

Strategists

Business Impact level: how does the issue impact the Group's activities?

Perceived Performance level: how well does the Group currently manage the issue?

Stakeholders

Expectation level: how should the Group tackle the issue, according to stakeholders' expectations?

Perceived Performance level: how well does the Group currently manage the issue?

- Each CSR issue has been assessed **from Score 1 (the lowest) to Score 4 (the highest)**, according to the table below.
- For the performance level, **a "No Opinion" option** allows the interviewee/respondent to not rate the issue if needed.

IMPACT ON ALSTOM

1 - Limited impact: This issue does not impact the company's activities significantly. The company should show compliance on this matter.

2 - Significant impact: This issue can impact, occasionally, the company's activity, but in a limited way. The company should be compliant and address the most significant aspects of this issue.

3 - Major impact: This issue could impact the company's activity in a major way, by forcing some projects to be altered for example. The company should employ significant resources to address this issue.

4 - Critical impact: This issue has or will have a critical effect on the company's key activities. The company must consider it as strategic and address it as a priority.

EXPECTATIONS

1 - Few expectations: I have few expectations of Alstom on this issue. Considering the company's activities, this issue does not appear as a priority to me.

2 - Limited expectations: My expectations are limited as to how much Alstom should act on this issue. Some occasional actions would be relevant in my opinion.

3 - Significant expectations: This topic is important to me. Considering Alstom's activity, I expect serious commitment and actions on this matter.

4 - Priority expectations: Alstom must act on this issue as a priority, considering the Group's activities and its potential impacts.
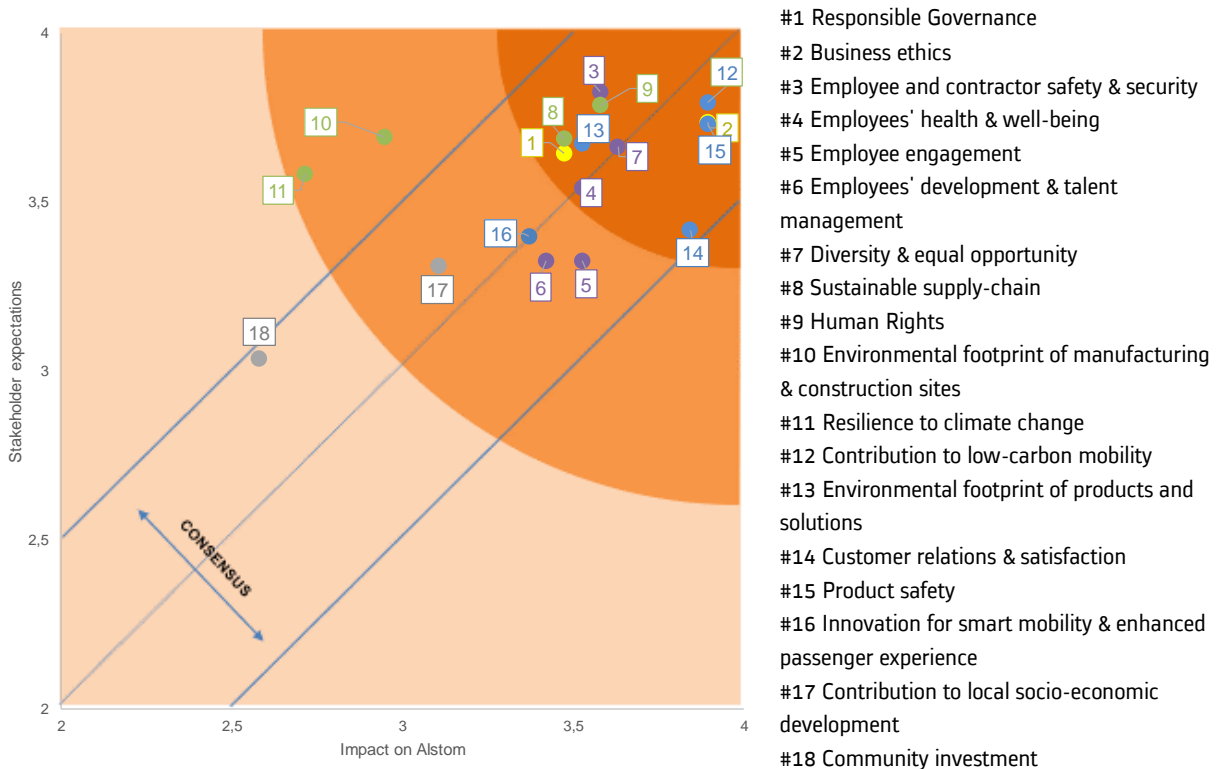
IV. Consolidation of the assessment and analysis

a) Methodology of consolidation

Equiponderation principle: to calculate the average (external) stakeholder rating for all issues, the average ratings of each macro-category were compiled in order to produce one global average.

b) Results

Comparing importance levels rated by stakeholder segments allows to identify common priorities.

#1 Responsible Governance
#2 Business ethics
#3 Employee and contractor safety & security
#4 Employees' health & well-being
#5 Employee engagement
#6 Employees' development & talent management
#7 Diversity & equal opportunity
#8 Sustainable supply-chain
#9 Human Rights
#10 Environmental footprint of manufacturing & construction sites
#11 Resilience to climate change
#12 Contribution to low-carbon mobility
#13 Environmental footprint of products and solutions
#14 Customer relations & satisfaction
#15 Product safety
#16 Innovation for smart mobility & enhanced passenger experience
#17 Contribution to local socio-economic development
#18 Community investment

This result shows a good alignment between the strategists' vision and expectations of external stakeholders as a whole.

The matrix also shows that :

- There is **Consensus on the importance level** between strategists and stakeholders on the top-5 following CSR issues:

  #2 – Business ethics
  #3 – Employees' and contractors' safety & security
  #9 – Human Rights
  #12 – Contribution to low-carbon mobility
  #15 – Product safety

  Unsurprisingly, these issues are **fundamental prerequisites** for the running of activities and "license to operate".

- **Four challenges have been significantly more prioritised in 2020**:
  #3 - Employees' and contractors' safety & security
  #9 - Human Rights
  #7 - Diversity & equal opportunity
  #8 - Sustainable supply-chain

ALSTOM
· mobility by nature ·

APPENDIX

Definition of challenges

Governance	Responsible governance	Ensure that the company is well directed, administered and controlled, with a long term vision that integrates stakeholders' expectations and interests, in particular through: - a robust Corporate Governance (independence of the Board of Directors, diversity, existence of dedicated Board committees (audit, compensation, ethics and compliance, etc), compensation transparency, internal control processes, etc.) - company sustainability policy, targets and roadmaps, robust non-financial risk management processes, relevant internal sustainability organization and means - an active stakeholders dialogue
	Business ethics	Apply high standards of integrity to fight against: - corruption and bribery - anti-trust practices - money laundering - data privacy breaches
Human Resources	Employee and contractor safety and security	. Preserve employees' and contractors' safety in manufacturing, construction maintenance and office sites . Create a safe work environment by controlling high risk activities . Eliminate all severe accidents and prevent all accidents . Prevent impact of political, geopolitical and criminal risks (terrorism, violence, …) for employees
	Employees' health and well-being	. Secure good quality of work life (working conditions, work-life balance, etc.) for Alstom's employees . Provide solutions for affordable relevant health coverage solutions to all employees . Preserve employees' health, including psychological health (ex. stress issues) . Implement strong measures to prevent and manage pandemic-related sanitary risks
	Employee engagement	. Foster an open and safe culture which ensures consistency and fairness for all employees . Support in strategic alignment to ensure that employees have clarity of purpose and direction . Facilitate employees' integration, favoring collaboration between teams and building a sense of belonging to Alstom . Consult employees and their representatives to adapt programs and secure high level of engagement . Reward and recognise positive performance, initiatives and behaviour

	Employees' development and talent management	. Develop and manage employee skills, through diverse programmes and initiatives such as training, learning culture, professional follow-up, career management and internal mobility . Anticipate job and skills evolutions . Attract and retain talents through strong company's image (employer branding)	
	Diversity & equal opportunity	. Fight discrimination based on gender, disability, age, sexual orientations, or social/cultural/religious origins, creating an inclusive work environment . Take a firm stand for diversity and inclusion through actions and processes favoring equal opportunity . Foster collaborative and intergenerational working methods/management	
Sustainable operations	Sustainable supply chain	. Select, monitor and support suppliers and contractors in order to reduce: - environmental footprint of purchased products and services (ex. greenhouse gas emissions, renewable materials, ISO14001-certified suppliers, etc.) - social and environmental risks associated with their activities . Lead responsible relationships with suppliers and contractors	
	Human rights	Ensure the respect of human rights and International Labour Organization's Conventions within the Group and its business partners, which include in particular: - the elimination of child labour, or any form of forced or compulsory labour - the respect of freedom of association and collective bargaining	
	Environmental footprint of manufacturing & construction sites	Reduce the impact Alstom's manufacturing and construction activities, especially by: - reducing direct and indirect greenhouse gas (GHG) emissions from Alstom's own operations - sustainably managing energy and water consumptions, as well as resorting to renewable sources - opting for more circular options that will save resources and significantly reduce waste - preserving local biodiversity - limiting local nuisances and pollutions	
	Resilience to Climate Change	. Foster Alstom's capacity to anticipate and adapt to physical consequences of Climate Change - today and in the future - on Alstom sites, infrastructures and supply-chains . Implement climate resilient solutions and support customers to address this challenge	

Products & Services	Contribution to low-carbon mobility	. Contribute to the modal shift towards sustainable mobility solutions by: - innovating to reduce carbon footprint of designed products and solutions - innovating to support energy transition in rail and beyond rail - providing attractive and competitive energy-efficient and low-carbon solutions to facilitate economic accessibility of rail transport - promoting the better environmental performance of railway compared with other transport modes
	Environmental footprint of products and solutions	. Design products and services in order to optimise their environmental footprint at every stage of their life cycle, especially regarding: - consumption of raw materials and water - energy efficiency - potential pollutions and waste (ex. particle emissions, recyclability, etc.) - elimination of controversial substances . Contribute to a more circular economy through these innovative mobility products and solutions
	Customer relations and satisfaction	. Build lasting and trust-based relationships with customers by: - integrating their short and long term expectations in the development of new products and services (including sustainable mobility) - building a key account management holistic approach focusing on regular in-depth contacts - managing claims fairly - implementing robust data protection systems - developing strong partnerships that will benefit to both parties . Monitor and take into account trends regarding passenger expectations and behaviour in the design of solutions
	Product safety	. Strive to eliminate risks related to products and services for customers and passengers, by designing and maintaining them so they meet a high level in terms of physical safety and security (ex. prevention of railway accidents, cybersecurity, exposition of passengers to electromagnetic fields or hazardous substances, etc.) . Contribute to good sanitary conditions (ex. use of antibacterial materials, adequate air treatment, desinfection processes, fewer contact surfaces, etc.) for a healthier mobility

	Innovation for smart mobility and enhanced passenger experience .	. Innovate for smarter mobility solutions and enhanced passenger experience, especially by: - developing attractive, connected and inclusive mobility solutions - designing and developing innovative products and services that integrate digital technologies (for instance through automation of transport) for enhanced transport efficiency - providing better integrated multimodal solutions connected within wider transport systems, considering "door-to-door" approaches and fostering partnerships with other modes of transportation
Society	Contribution to local socio-economic development	. Foster Alstom's involvement in local: - direct and indirect job creation - wealth and income development (including along the supply chain, by including local procurement for example) - skills development - investment in society more generally (ex. education, culture, etc.) - dialogue initiatives with communities that benefit to both parties
	Community investment	. Support local communities, either directly through the Group and its employees or through other organisations (i.e. NGOs and associations): - financial or in-kind donation(s) - volunteering - specific local programs (ex. empower vulnerable populations, develop social business, develop inclusion, etc.)

All results presented in this document have been validated by the Sustainability & CSR Steering Committee during June 2021 Committee.