

## **INTERNAL RULES AND REGULATIONS OF THE BOARD OF DIRECTORS**

(as amended by the Board of Directors on 26 January 2021)

### **Introduction:**

The Company relies on the French AFEP-MEDEF Corporate Governance Code for publicly-traded Companies under its version which is applicable at any time. These Internal Rules and Regulations define the method of organization and operation of the Board of Directors and apply in addition to all applicable laws and regulations. The Director's Charter, which defines the rights and obligations of the Directors and Censors, is attached to, and is an integral part of these Internal Rules and Regulations.

### **Article 1: Composition of the Board of Directors**

At least half of the Directors on the Board must be independent.

The Board of Directors shall be responsible for determining whether a Director is independent and shall do so on the basis of recommendations made by the Nominations and Remuneration Committee.

The criteria applied and each Director's particular situation will be examined at least once a year, and the resulting decisions shall be made public in the Annual Report.

### **Article 2: Responsibilities and powers of the Board of Directors**

Voting on proposals by the Chief Executive Officer, the Board of Directors shall define and review on a regular basis the Group's strategy, appoint the corporate officers (*"mandataires sociaux"*) responsible for managing the Company in line with the Group's strategy, supervise management and verify the quality of information supplied to shareholders and the markets.

The Board of Directors shall examine and approve each year the annual budget and the medium-term strategic plan.

Any operation that is not part of the Group's announced strategy or that could significantly affect or materially modify the financial structure or results of the Group shall be referred to the Board of Directors before implementation.

The Board of Directors shall thus examine and approve before implementation any acquisition or divestiture insofar as the amount exceeds 80 million euros, any decision to set up partnership or joint company where the contribution of the Group exceeds 80 million euros, as well as any financing operation which exceeds 400 million euros for new medium or long term borrowing or 1 billion euros for short term commercial papers. The Board also approves organic growth investments in an amount higher than 80 million euros and the significant internal restructuring undertakings in particular at the time of the annual review of the Group's budget and strategy.

The Board of Directors is informed of any acquisition, divestiture or partnership in excess of 40 million euros.

For acquisitions and divestitures, "amount" means the enterprise value whatever are the terms of payment (immediate or differed, in cash or in shares...). For a partnership or a newly created company, "the contribution of the Group" means the financial undertaking of the Group (contribution to the share capital or shareholder's loan, exposure to external financings...).

The Board of Directors 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 off-balance contingent liabilities, and may request information about any of such items at any time.

It shall approve the composition of the Group's Executive Committee.

The Board shall review its membership on a regular basis. It shall examine annually its functioning and shall conduct a formal assessment at least once every three years.

The Board of Directors determines the whole of the elements comprising the compensation of the executive Directors. The Board of Directors shall meet once a year in the absence of those Directors who exercise executive or salaried functions within the Group, in order to assess the performance of the Chairman and Chief Executive Officer if both functions are joint, or of the Chairman of the Board and the Chief Executive Officer if the functions are dissociated.

The Board of Directors shall examine and approve the information published in the Annual Report by the Company on its practices and structures of corporate governance, including the presentation of the policy that is followed with respect to the remuneration and allocation of stock options or performance-based shares to corporate officers (*"mandataires sociaux"*).

### **Article 3: Information to be supplied to the Board of Directors**

Each Director and Censor shall receive all information needed to perform his or her duties and may request any documents he or she considers appropriate.

Directors and Censors shall send any requests for further information to the Chairman of the Board of Directors, who shall assess whether the documents requested are pertinent.

Before each Board meeting, the Directors and Censors shall receive, with proper notice, a file on the matters on the agenda which require prior examination and consideration, subject to any restrictions relating to confidentiality.

Other than in connection with Board meetings, Directors and Censors shall receive regularly key information concerning the Company and shall be informed of any event or development that may have a material impact on operations or on any information previously communicated to the Board.

More specifically, they shall receive copies of any press releases issued by the Company, as well as the main articles appearing in the press and reports by financial analysts.

Any Director shall be entitled to meet with the Group's senior executives without the presence of the corporate officers (*"mandataires sociaux"*) of the Company, after having informed the Chairman of the Board of Directors.

Any Director or Censor who considers it necessary may request further briefing or training on the Group's particular issues, business lines and business sectors as well as on accounting and financial aspects in order to improve its knowledge.

#### **Article 4: Meetings of the Board of Directors**

The Board of Directors shall meet at least four times per year.

Specific meetings focused on strategy, human resources, risks management, or any other subject, are organised according to priorities and the needs.

The Group's senior executives or functional managers, as well as persons outside the Group attend meetings upon request of the Chairman based on the items of the Agenda.

English shall be used as the working language.

The minutes of each meeting shall be drawn up in English and in French by the Secretary to the Board of Directors or his deputy. They shall be reproduced in the minutes book, which shall be kept in French.

Directors or Censors may take part in the Board meeting by means of a video-conference or telecommunication which transmit at least the voice of the participants and present technical characteristics allowing the continuous and simultaneous retransmission of the deliberations, and Directors are deemed to be present for the calculation of the quorum and the majority.

In compliance with the law, such video-conference or telecommunication means may not be used when the Board is called to deliberate on the preparation of the annual corporate and consolidated financial statements or the management reports for the Company and the Group.

In the event of a failure of the video-conferencing or telecommunication means, duly recorded by the Chairman of the Board of Directors, the Board of Directors may validly deliberate and/or the meeting may proceed with the members who are physically present in the meeting room only, provided the quorum requirements are still satisfied. The occurrence of any technical problem that disturbs the smooth running of the meeting shall be noted in the minutes, as shall the suspension and resumption of the participation by video-conference or other mean of telecommunication.

#### **Article 5: Board committees**

The Board of Directors shall create one or more specialist committees and shall define their composition, powers and responsibilities. The role of any such committees shall be to examine and prepare matters to be put to the Board, and to present their opinions, proposals and recommendations to the Board.

The Board of Directors must create a Nominations and Remuneration Committee and an Audit Committee, at the very least.

In the performance of their duties, and after informing the Chairman of the Board of Directors, the committees may conduct or commission at the Company's expense any studies that may be useful for Board decisions and may also interview Group executives and the auditors. They shall report on the opinions obtained.

Each committee shall draw up internal rules defining its responsibilities and powers and the method of operation, which shall be approved by the Board of Directors.

Each committee's rules shall define the number of independent Directors who should sit on the committee. The chairman of each committee shall report to the Board of Directors on its work, opinions, proposals and recommendations. A description of the committees' activities shall be included in the annual report each year.

The Board of Directors shall determine the remuneration to be received by members of the committees, on the basis of their attendance at committee meetings.

## **Article 6: Lead Director**

Whenever the functions of Chief Executive Officer and Chairman of the Board of Directors are combined and entrusted to the same individual, the Board of Directors shall appoint a Lead Director from among the independent Directors. This Lead Director is appointed for a two-year term, which cannot exceed his or her term of office as Director. He or she is eligible for reappointment. The Board of Directors can terminate the Lead Director's functions at any time.

The main duty of the Lead Director is to ensure the proper functioning of the corporate governance bodies of the Company.

In this context, he or she exercises his or her duties and has the following privileges:

### **6.1. Functioning of the Board of Directors and of the Board of Directors' Committees**

- (i) The Chairman of the Board of Directors consults with the Lead Director regarding the matters on the agenda of Board of Directors' meetings and can recommend including additional matters to the agenda;
- (ii) The Lead 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 predetermined agenda;
- (iii) The Lead 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 Censors comply with such Internal Rules;
- (iv) The Lead Director makes sure that the Directors and Censors 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 meetings of the Board of Directors;
- (v) The Lead Director can, at his or 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);

- (vi) The Lead Director can be the Chairman of the Nominations and Remuneration Committee. As such, he or she is responsible, in particular, for managing the succession plan for executive corporate officers (*"mandataires sociaux dirigeants"*), selecting new Directors and Censors, and for securing the balance with respect to the composition of the Board of Directors and the committees;
- (vii) The Lead 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;

## **6.2. Relations with Directors**

- (viii) The Lead Director maintains a regular dialogue with Directors and Censors and is, if need be, their spokesperson to the Chairman of the Board of Directors;

## **6.3. Conflicts of interest**

- (ix) The Lead Director plays a preventive role to raise the awareness of all Directors and Censors with respect to conflicts of interest;
- (x) Together with the Chairman of the Board of Directors, he or she reviews situations that could potentially trigger conflicts of interest;

## **6.4. Relations with shareholders**

- (xi) The Lead Director is kept abreast of any comments and suggestions submitted by shareholders in relation to governance and the remuneration of corporate officers. He or 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 of Directors, and keeps the Board of Directors abreast of these communications.

The Lead Director reports annually to the Board of Directors and to the Shareholders' meeting regarding his or her work.

The Secretariat of the Board of Directors makes itself available to the Lead Director to assist in the completion of his or her assignments.

## **Article 7: Remuneration**

Directors (with the exception of the executive corporate officers) shall receive remuneration, the amount and allocation of which shall be fixed once a year by the Board of Directors on the basis of the criteria listed below, and within the maximum limits fixed by the general meeting of the shareholders:

- the Directors' remuneration shall comprise a fixed portion and a variable portion which shall reflect each Director's participation at meetings of the Board and committee meetings,
- the Vice-Chairman of the Board of Directors (if any), the Lead Director, and the chairs of any committees shall receive an additional fixed portion,

- the fixed portion of the remuneration shall be paid for the first half following the end of the first semester of the fiscal year and for the second half after the end of the fiscal year. If necessary, the fixed portion is paid prorata to the effective duration of the mandate of the beneficiary during the fiscal year. The variable portion shall be calculated and paid after the end of each semester of the fiscal year.

Members of the Board of Directors and of committees shall be reimbursed for any expenses incurred in connection with their duties on the basis of receipts.

## **Article 8: Transparency**

Any ALSTOM shares acquired by Directors must be held in registered form.

Directors and Censors must declare to the French financial markets regulatory authority, French initials "AMF" and to the Company, the transactions on the Company's financial instruments pursuant to and in compliance with the terms and conditions of article L. 621-18-2 of the French Financial and Monetary Code, the General rules of the French financial markets regulatory authority, and the Company's Code of conduct relating to preventing misuse of inside information and operations on transferable securities.

### DIRECTOR'S CHARTER

This Charter defines the rights and obligations of Directors and Censors.

Each Director, Censor and, if applicable, each permanent representative of any legal entities that are Directors, shall abide by this Charter.

#### **a) Representing shareholders**

The Board of Directors collectively represents all the shareholders and must act in the interests of the Company in all circumstances. Each Director represents all the shareholders, irrespective of how he or she was appointed, and must act in all circumstances in the best interests of the Company.

#### **b) Awareness of rights and obligations**

Before accepting his or her appointment, each Director or Censor must familiarise himself or herself with the laws and regulations relating to his or her office, as well as with the rules specific to the Company as derived from its Articles of Association (*"statuts"*), this Charter, its Code of Conduct on the prevention of the use of privileged information and on securities transactions, its Code of Ethics, as well as the Internal Rules and Regulations of the Board of Directors.

Each Director or Censor may consult the Secretary to the Board of Directors at any time concerning the scope of such provisions and the rights and obligations inherent in his or her position.

#### **c) Holding of Company shares**

Each Director must hold at least the minimum number of shares stipulated in the Company's Articles of Association.

In accordance with the terms of the AFEP-MEDEF Code and independently of any statutory obligation to hold shares, each Director must personally be a shareholder and hold a relatively significant amount of shares. If Directors do not hold these shares when they take office, they must use their directors' remuneration as referred to in Article 7 of these internal rules and regulations to acquire such securities. It is preferable that Directors hold at least 2,000 shares each, either directly, or indirectly via a Group "*fonds commun de placement d'entreprise*" (collective employee shareholding scheme), provided they are authorized to take advantage of this latter custody method. In order to increase his or her shareholding to such minimum threshold, each Director is granted a period of two years as from the date upon which he or she took office. The shares must be held in registered form as set forth in Article 8 of these Internal Rules and Regulations.

## **d) Conflict of interest**

Each Director or Censor must inform the Board of Directors as soon as he or she becomes aware of any conflict of interest or potential conflict of interest with his or her obligations to the Company and the companies in its Group. He or she must refrain from taking part in discussions and voting on any related actions by the Board.

Each Director or Censor shall consult with the Chairman of the Board (or, if the Director is the Chairman, with the Chairman of the Nominations and Remuneration Committee) before engaging in any activity or accepting any duty or position that he or she believes may create such an actual or potential conflict of interest. After consulting with the Lead Director, the Chairman may refer such matters to the Nominations and Remuneration Committee or the Board. A Director or Censor must resign in the event of a conflict that cannot be resolved to the satisfaction of the Board.

The Chairman of the Board of Directors and the Lead Director can, at any time, require Directors or Censor to submit a written statement declaring that they do not have any undisclosed conflict of interest.

## **e) Information**

Each Director or Censor must ensure he or she receives all the information needed to perform his or her duties in a timely manner. He or she must request and demand from the Chairman of the Board of Directors at the appropriate times any information he or she considers useful for the performance of his or her duties and in order to form an opinion on matters on the agenda of any meeting of the Board of Directors.

With regard to any information he or she obtains in connection with his or her office that has not been made public, each Director or Censor is bound by professional secrecy and must personally protect the confidentiality of such information. In particular, each Director or Censor must hold in strict confidence and shall only use it in connection with his or her functions as Director or Censor any information provided or made available by or on behalf of the Company in connection with and in consideration of his or her office as such that has not been made public, including, without limitation, information or material of a technical, financial, operational, commercial, administrative, legal or planning nature or in the nature of intellectual property of any kind and relating (wholly or in part) to the Company (and/or its affiliates) or any of its actual or projected products or businesses, including its markets, customers, suppliers, organization, personnel, facilities, assets, financial condition or results, rights, obligations and liabilities (the "Confidential Information"). In addition, the existence and content of any discussion held during or in connection with any Board of Directors' meetings as well as any notes, summaries, reports, analyses, evaluation documents, forecasts, studies or other material prepared by the Company or on its behalf which contain, reflect or are based upon or derived, in whole or in part, from any Confidential Information provided or made available by the Company to the Directors or Censors in connection with their functions as such shall also, to the extent they so contain, reflect or are based upon or derived from Confidential Information, be considered to be Confidential Information.

In the event that a Director or Censor is a legal entity, such Director or Censor shall:

- ✓ ensure that the Confidential Information communicated to its permanent representative ("*représentant permanent*") at the Board of Directors shall not be disclosed to any third party other than (i) to a limited number of persons, on a strictly need to know basis, who shall be either employees, other staff members in the form of consultants working exclusively for such Director or Censor, directors or officers of such Director or Censor, and whose identity and contact details shall

be notified in writing in advance of the disclosure to the Company and (ii) to that Director or Censor's legal advisors and statutory auditors (if relevant) (the "Authorized Recipients");

- ✓ ensure that neither its permanent representative nor any Authorized Recipient shall be an employee, a director, an executive officer or a consultant of an entity being on (i) the list of identified competitors of the Company, (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) or (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 or Censor upon its request it being specified that the list of the five (5) most important customers and the five (5) most important suppliers shall be updated once a year;
- ✓ cause its permanent representative and the Authorized Recipients (i) not to disclose the Confidential Information to any third party (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, to secure such information from unauthorized access, use, reproduction or disclosure, and (iii) to comply with any and all obligations set forth under this Charter (including rules indirectly deriving from this 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 purposes of maintaining any insider list, including with respect to its permanent representative and the Authorized Recipients.

## **f) Diligence – Multiple Offices**

Each Director or Censor must devote the necessary time, care and attention to his or her duties, and must consider when he or she accepts any new position or office whether he or she will still be able to fulfill this obligation. Unless he or she is genuinely unable to do so, he or she must attend all meetings of the Board of Directors and of any committees of which he or she is a member, and all general meetings of the shareholders.

In addition, each Director being an individual (including the permanent representative of a legal entity) complies with the provisions of the AFEP-MEDEF Code and the legal provisions in force concerning the rules applicable to holding multiple offices.

Each Director or Censor being an individual (including the permanent representative of a legal entity) informs the Company regarding the offices he or she holds in other companies, including his or her participation in the committees of the boards of such French or foreign companies. He or she informs the Company as soon as possible regarding any new office or professional responsibilities. Whenever he or she exercises executive functions within the Company, he or she must also seek the opinion of the Board of Directors prior to accepting a new position as corporate officer of a company that is not tied to the Group.

## **g) Insider knowledge**

Each Director or Censor acknowledges that Alstom is a company listed on the regulated market of Euronext Paris and that the Confidential Information may constitute inside information for the purposes of applicable securities laws and regulations.

Each Director or Censor undertakes to abide by the internal rules of the Company concerning the use and disclosure of privileged information contained in the Code of Conduct concerning the misuse of inside information and operations on transferable securities, and to comply with all applicable laws and regulations, in particular those relating to the use of inside information and to insider trading. These rules encompass the following obligations, in the event of a communication to a Director or Censor of Confidential Information which is an inside information:

- ✓ each Director or Censor must not use that information by acquiring or disposing of, for his or her own account or for the account of a third party, directly or indirectly, financial instruments to which that information relates or by recommending that another person engage in insider dealing, or by inducing another person to engage in insider dealing, as defined under applicable regulations;
- ✓ each Director or Censor must not disclose that information to any other person outside the framework of his or her functions as Director and except as set forth in paragraph (e) for these Directors or Censors which are legal entities;
- ✓ each Director or Censor must refrain from carrying out any transactions involving shares of companies to which that information relates during the periods defined in the Code of Conduct;
- ✓ each Director or Censor undertakes to refrain from carrying out financially speculative transactions involving the shares of the Company or of any publicly-traded company of the Group, such as acquisitions or short sales, or transactions involving financial derivatives;
- ✓ each Director or Censor abstains from carrying out financial risk hedging transactions on the shares of the Company or, of any publicly-traded company of the Group;
- ✓ each Director or Censor must provide the Company with all necessary information required by applicable rules and by the Company for purposes of maintaining the insider list;
- ✓ each individual being a Director or a Censor, or with respect to a Director or a Censor being a legal entity, its permanent representative and each of its Authorized Recipients being an individual, or, with respect to Authorized Recipients being a legal entity, its legal representative, must take reasonable steps to ensure that persons closely associated to him or her (as defined in the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse) do not perform operations on any financial instruments to which that information relates if they become aware of such information; and
- ✓ each Director or Censor who becomes aware that an inside information has been disclosed without any proper authorization shall immediately inform Alstom.

Each Director or Censor shall inform the Company Secretary (*"Secrétaire du Conseil"*) of any problems he or she may encounter in complying with the above.