



### **Information regarding compensation components of the Executive Corporate Officer of ALSTOM**

At its meeting **held on 10 May 2021**, Alstom Board of Directors acknowledged the recommendations of the Nominations and Remuneration Committee and set the following elements related to the compensation of Mr. Henri Poupart-Lafarge, Chairman and Chief Executive Officer of Alstom.

### **Annual variable compensation of Mr. Henri Poupart-Lafarge for the 2020/21 fiscal year**

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%) as reflected in the table below :

	Target	Cap	Performance level for the fiscal year	Achievement rate for the fiscal year	Amount corresponding to the achievement level (in euros)
<b>OVERALL OBJECTIVES</b>	<b>60%</b>	<b>120%</b>			
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 <sup>(1)</sup>	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 <sup>(2)</sup>	5%	42,500
Performance in the Dow Jones Sustainability Index	2.5%	5%	95 <sup>th</sup> percentile <sup>(3)</sup>	5%	42,500
<b>2020/21 OVERALL ANNUAL PERFORMANCE</b>				<b>47.00%</b>	<b>€399,500</b>

- (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 95<sup>th</sup> 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 euros)
<b>INDIVIDUAL OBJECTIVES</b>		<b>40%</b>		
Acquisition of Bombardier Transport	<p>The objective set by the Board of Directors was that all the preliminary steps and preparatory work necessary for the acquisition of Bombardier Transport 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"> <li>- 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;</li> <li>- 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;</li> <li>- The first steps of integration were engaged and successfully led very quickly after the transaction was completed,</li> </ul> <p>the Board of Directors considered that this objective had been reached at 120%.</p>	15%	18.00%	153,000
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"> <li>- A successful integration of the Alstom and Bombardier Transportation teams in a single Leadership Team;</li> </ul>	7%	8.05%	68,425

	<ul style="list-style-type: none"> <li>- 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;</li> <li>- An evolution plan of the Leadership Team clearly defined,</li> </ul> <p>the Board of Directors considered that this objective had been reached at 115%.</p>			
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"> <li>- 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);</li> <li>- 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;</li> <li>- The control over the supply chain with an optimal monitoring of the suppliers thanks to which supplies were not stopped;</li> <li>- 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),</li> </ul> <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"> <li>- Excellent stability of the backlog despite the economic situation</li> </ul>	7%	8.05%	68,425

	<ul style="list-style-type: none"> <li>- 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),</li> <li>- Backlog still growing for Signalling,</li> </ul> <p>the Board of Directors considered that this objective had been reached at 115%.</p>			
Operating and financial performance	<p>The operating and financial performance objectives assigned to the Chairman &amp; Chief Executive Officer by the Board of Directors were established on the basis of:</p> <ul style="list-style-type: none"> <li>- 15 operational execution indicators</li> <li>- Execution of major projects (Prasa, e-loco, Amtrak, ICNG, CFL, Perth)</li> <li>- Delivery of key Signalling projects (Lille, Singapore)</li> <li>- Positive adjustment of gross margin</li> <li>- Cost efficiency (general expenses)</li> <li>- Stabilisation of working capital</li> </ul> <p>Having considered the following factors in particular:</p> <ul style="list-style-type: none"> <li>- Operational indicators that were essentially on target, with the exception of the OnTime Delivery indicator (in part due to the Covid-19 pandemic)</li> <li>- Continuous improvement and/or acquisition of major projects</li> <li>- Positive adjustment in gross margin</li> <li>- Significant reduction in general and administrative expenses and working capital in line with projections,</li> </ul> <p>the Board of Directors considered that this objective had been reached at 110%.</p>	7%	7.70%	65,450
<b>2020/21 OVERALL ANNUAL PERFORMANCE</b>			<b>46.60 %</b>	<b>€396,100</b>

Therefore, at its meeting held on 10 May 2021, the Board decided that Mr Henri Poupart-Lafarge's **variable compensation for fiscal year 2020/21 would amount to €795,600 corresponding to an objective achievement level of 93.6%. The payment of this variable compensation is subject to the positive vote of the shareholders at the 28 July 2021 AGM**

## **Compensation policy of Mr. Henri Poupart-Lafarge for fiscal year 2021/22**

At its meeting held on 10 May 2021, Alstom Board of Directors acknowledged the recommendations of the Nominations and Remuneration Committee and decided **to submit the following changes to the vote of the 28 July 2021 AGM:**

- 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 (resolution 3) as such policy had been approved by the general shareholders' meeting of 8 July 2020 (resolution 9): 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 will be granted under a plan implemented by the Board of Directors meeting in June 2021, which will utilise the authorisation given by the general shareholders' meeting of 10 July 2019 (resolution 14) to proceed with grants of free shares.

Thus, on the Nominations and Remuneration Committee's recommendation, 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 recommendation, 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 Poupart-Lafarge's experience and individual performance. The comparative study in question was conducted on the basis of a panel of 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).  
As a consequence, the salary position of Mr. Henri Poupart-Lafarge (compared to the panel of CAC 40 and SBF 120 companies listed above) 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 German companies listed above);
- the material change in the Group's size (from revenue, headcount and market capitalisation points of view) following the acquisition of Bombardier Transport 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 remuneration is currently €850,000 and has been since the 10 July 2019 AGM.

- 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.

Besides these changes submitted to the vote of the shareholders, the structure of the compensation policy applicable to the Chairman & Chief Executive Officer **will remain identical to the policy approved by over 95% of the shareholders at the annual general shareholders' meeting held on 8 July 2020.**